SOOKEE GROUP

ANNUAL REPORT 2017

CONTENTS

CORPORATE PROFILE

Headquartered in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 20 August 2015, Soo Kee Group Ltd. (the "Company" and, together with its subsidiaries, the "Group") was founded in 1991 and has an established presence of over 20 years in Singapore and over a decade in Malaysia. It has one of the largest networks of over 60 retail stores in both countries, strategically situated in prime shopping malls.

As a leading and established jeweller, the Group offers a wide range of jewellery products and mementoes through its *Soo Kee Jewellery*, *SK Jewellery* and *Love & Co.* brands to cater to a diverse range of consumer tastes and preferences, occasions, and demographics. Each brand has a unique identity, with distinctive branding, marketing efforts and product offerings.

Soo Kee Jewellery offers upmarket, exquisite luxury jewellery pieces designed for confident, contemporary women with refined and discerning tastes. Its collections predominantly feature premium diamonds complemented by gold or platinum settings, and contemporary jewellery featuring precious gemstones and pearls. It is the exclusive distributor in Singapore and Malaysia for the distinctive *Brilliant Rose* brand of diamonds produced by an international diamond manufacturer.

SK Jewellery offers an extensive range of fashionable jewellery and mementoes for a wider demographic. This includes *SK Jewellery's* exclusive distributorship of the *ALLOVE* brand of diamonds, which pushes the boundaries in diamond-cutting techniques with an all-new 81-facet cut, specifically created to maximise light performance, in Singapore and Malaysia, and the innovative *Dancing Star* and *Star Carat* collections as well as the *SK 999 Pure Gold* collection, featuring bridal jewellery, sculpted art pieces, commemorative gold bars and coins.

Love & Co. specialises in bespoke bridal jewellery, notably, made-to-order engagement rings and wedding bands such as the signature *Lovemarque* and *LVC Promise* collections. Through customisable design elements and personalisation services, *Love & Co.* seeks to establish personal connections with customers.

SK Bullion is a trusted gold and silver dealer in Asia, offering an alternative investment platform for consumers to buy, sell and store precious gold and silver assets at their convenience. Leveraging on Singapore as a precious metals trade hub, *SK Bullion* is dedicated to offering a holistic platform to its regional customers.

CHAIRMAN'S STATEMENT

"Our commitment to go beyond and deliver the best value, customer experience and product offerings has been a key driver of our success for the past 26 years."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Soo Kee Group ("Soo Kee Group" or the "Company" and, together with its subsidiaries, the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2017 ("FY2017").

As a leading and established jeweller, we continuously challenge ourselves and innovate to meet the changing needs and aspirations of our customers. Our commitment to go beyond and deliver the best value, customer experience and product offerings has been a key driver of our success for the past 26 years. Against a more challenging environment and economic headwinds, we have achieved creditable performance this year. However, we will continue to focus on strengthening our competitive advantage to deliver greater value for all our stakeholders.

Having set our sights beyond the local market, we made strides to enter two new markets, namely Thailand and China, in our regional expansion strategy. Our entry into these new markets is a progressive step as we position ourselves to tap fresh opportunities in one of the world's fastest growing consumer markets, China, as well as emerging markets in the region.

Through this annual report, I would like to share with you our progress in FY2017 as well as the opportunities ahead of us.

YEAR UNDER REVIEW

In spite of the operating headwinds, the Group achieved a 31.2% growth in revenue and 12.9% growth in net profit for FY2017. This is on the back of higher revenue contribution by our bullion business, coupled with operational efficiencies attained at the Group level. Our foray into the bullion business was a strategic move for the Group, especially as Singapore is positioned to become a precious metals trading hub in the region. Our continuous efforts to streamline business operations and trim specific processes have paid off. Going forward, we will continue to challenge ourselves and bolster our returns to deliver higher value for our stakeholders.

Accordingly, the Group is proposing a first and final dividend of 0.50 Singapore cents per ordinary share, representing 37.9% of the Group's profit, net of tax for FY2017, subject to shareholders' approval at the forthcoming annual general meeting. This is a continuation of prior years' recommendation and distribution of at least 20.0% of the Group's profit, net of tax, as dividends.

SEIZING OPPORTUNITIES

As we continue to deliver stable performances from the Singapore and Malaysian markets, our regional expansion will create additional revenue streams for the Group at a time when consumers' spending remains cautious, coupled with the uncertainty of the global economy.

In that regard, the Group recently penetrated the China market through our bespoke bridal jewellery arm, *Love & Co.*. In January 2018, we opened our first bridal jewellery store in Shenzhen. This serves as a solid anchor for the Group to penetrate the China market and tap into her burgeoning demand for wedding jewellery. The growth in the number of people getting married, supported by China's huge population and an increase in disposable income, coupled with growing acceptance of Western wedding customs by millennial couples, presents an immense potential for *Love & Co.'s* bespoke jewellery collection. We are confident of capitalising upon our strengths to derive better top-line growth for the Group.

Broadening our regional presence, we are also expanding into the Thailand market via a joint venture with Aurora Design Co., Ltd, a leading jewellery retail chain in Thailand. Thailand's diamond market remains underdeveloped, reminiscent of the jewellery market in Singapore 20 to 30 years ago when consumers traditionally bought gold jewellery. Thus, we believe that there is untapped market potential for *Love & Co.* by introducing a strong contemporary jewellery brand into Thailand.

Besides the opportune timing and the attractive market potential, our expansion into the Thailand market in collaboration with a local established market leader, allows us to navigate the local market conditions more efficiently and smoothly. This would reduce our execution risks significantly as we seize the ripe opportunities to break new ground.

LOOKING AHEAD

The local retail market continues to face many challenges, with rising labour and rental costs as well as stiff competition. It is imperative to differentiate ourselves with our product offerings and brand experiences, anticipate consumer needs, and adapt quickly to create value for our customers. We will continue to invest our resources in product design and development to create unique product offerings and services to enhance our market share even as we forge ahead with our regional expansion.

Stepping into a new year, we are aware that there is much work to be done as we endeavor to entrench ourselves in our new markets. I am confident that the groundwork to be established will provide Soo Kee Group with a platform for growth over the long term, and will leave the Group in an even stronger position.

Our progress today could not have been possible without the trust and support of our valued customers, suppliers, consultants, business associates and shareholders, as well as the hard work of everyone at Soo Kee Group. On behalf of the Board of Directors, I would like to express our deepest appreciation to all our key stakeholders and I look forward to your continued support.

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

CEO'S STATEMENT

DEAR SHAREHOLDERS,

I am glad to share with you the annual report of Soo Kee Group for FY2017. FY2017 continued to be a year of positive developments for Soo Kee Group despite the headwinds in the retail market. Over the years, we have successfully adapted to the evolving landscape and continued to work towards strengthening our market position in the region.

By far the most significant milestone during the year was our venture into two new markets, China and Thailand, which marks a progressive move in our regional expansion strategy. The expansion, through our bespoke bridal *Love & Co.* brand, signals the confidence we have in the markets for our strong contemporary jewellery brand. Our foray into these markets will also open doors to other opportunities, and provide additional business channels for us to deliver greater value for our customers and shareholders.

As we plant the seeds for our future growth trajectory, we are pleased to deliver a positive set of results for FY2017, with record levels for revenue and an increase in our net profit after tax. Our efforts in growing our businesses and executing our strategies have manifested themselves and moving forward, we will continue to introduce new products and initiatives to capture a wider target audience.

PERFORMANCE REVIEW

In FY2017, the Group saw its revenue increase by 31.2% to S$231.9 million. Meanwhile, material costs increased by 49.4% to S$170.8 million in FY2017. Employee benefits expense increased by 1.5% to S$18.7 million in FY2017 mainly due to an increase in salaries and sales commissions and increase in recruitment expenses. Rental and other expenses decreased by 1.6% to S$29.7 million for FY2017 due to property tax refunds received during the year.

Net profit after tax was S$7.3 million, a 12.9% increase from the prior corresponding financial year. Other than better margins derived from sales of products, the decrease in income tax expense of 48.9%, to S$0.9 million in FY2017, also contributed to better profitability for the Group.

"We will maintain our focus on investment in design and development efforts and human capital to stay ahead of the trends and transformations in the jewellery industry."

ENHANCE PRODUCT AND SERVICE OFFERINGS

Throughout our 26 years of operations, customer engagement and satisfaction have always been at the forefront of what we do. Our relentless drive and commitment towards achieving excellence and delivering new experiences has not only allowed us to solidify our positioning amongst the stiff competition, but also reaped positive returns in our financial performance.

For example, we launched our brand-new *Peanuts Collection* on 12 December 2017, in conjunction with the Chinese New Year of the Dog. From *999 Pure Gold Coins, Gold Bars,* and *Gold Notes* to white gold and diamond jewellery, this new collection indulges *Peanuts* fans as we re-interpreted well-loved characters such as *Snoopy, Woodstock, Charlie Brown* and many more. The enthusiastic customer response to our launch of the *Peanuts Collection* reinforces our strategy to stay relevant by offering on-trend products at superior value.

EXPAND DISTRIBUTION CHANNELS

Having established a strong retail network in Singapore and Malaysia, we strive to capitalise upon new business channels for growth while continuously focusing on our aim to deliver greater value for shareholders.

We made our foray into the China market with the opening of our first bridal jewellery store in Shenzhen. With China's wedding industry growing by 40% from US$57 billion to US$80 billion between 2011 and 2015, and expected to rise further in the coming years, we believe that the market holds immense potential for us. This new opening puts us in a favourable position to capitalise on the growth opportunities presented. This will soon be followed by an expansion into the Thailand market.

UPHOLDING BRAND EQUITY

At Soo Kee Group, we continue to grow our intangible assets and brands to create greater enterprise value in our regional markets. Our strong brand equity allows us to establish lasting relationships with our customers and stakeholders, as reflected in the accolades and awards we have achieved over the years.

FY2017 saw us marking our second consecutive win at the annual Jewellery News Asia Awards, one of the world's most prestigious awards programmes in the jewellery and gemstone industry. Our wholly-owned subsidiary, SK Jewellery Pte Ltd was awarded the "Retailer of the Year (450 outlets and below)", reaffirming our continuous efforts to expand our retail presence in the region while staying true to our commitment to provide quality products and services to our customers in all our markets.

OUTLOOK AND APPRECIATION

FY2017 was spent strategizing our expansion into exciting growth markets in the region which we believe will lay the foundation for our long-term growth. At the same time, we remain focused and fiscally prudent as we seek to strengthen our presence in the new markets, while ensuring our home market continues to deliver positively to our top-line.

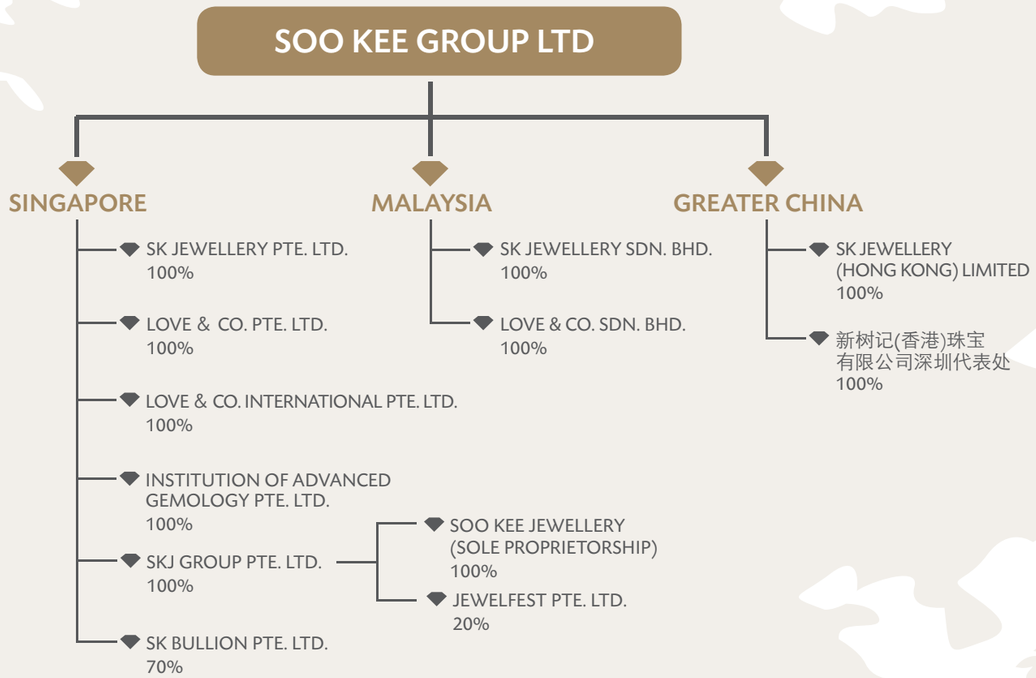
As business owners, we have to continually challenge ourselves to meet the ever-evolving needs and aspirations for smart, modern and globally-minded consumers today. We will maintain our focus on investment in design and development efforts and human capital to stay ahead of the trends and transformations in the jewellery industry. Having unique product offerings and brand experiences will allow us to differentiate ourselves amongst our peers, while we anticipate consumer needs, and adapt quickly to create value for our customers. This, we believe is integral for us to rise above various market challenges and build a stronger business for the future.

On behalf of the Board of Directors, I would like to express my deepest gratitude towards our valued shareholders, customers, suppliers and other business associates for their unwavering support and faith in the management and the strategic direction of the Group. The key management team and employees also deserve a special commendation for their hard work and dedication that are driving our success today.

With your support, we will continue to strive for greater heights to ensure we deliver sustainable returns to our shareholders. I look forward to the journey ahead and hope we will be able to create a better future for all stakeholders together.

Lim Yong Sheng
Executive Director and Group CEO

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SRI DR. LIM YONG GUAN *(Non-Executive Chairman)*
MR. LIM YONG SHENG *(Executive Director and Group CEO)*
MDM. LIM LIANG ENG *(Executive Director and Group COO)*
MR. ANG MIAH KHIANG *(Lead Independent Director)*
MR. SIM ENG HUAT *(Independent Director)*
MR. LYE HOONG YIP RAYMOND *(Independent Director)*
MR. LOW CHIA WING *(Independent Director)*

AUDIT COMMITTEE

MR. ANG MIAH KHIANG *(Chairman)*
MR. SIM ENG HUAT
MR. LYE HOONG YIP RAYMOND
MR. LOW CHIA WING

NOMINATING COMMITTEE

MR. SIM ENG HUAT *(Chairman)*
MR. ANG MIAH KHIANG
MR. LYE HOONG YIP RAYMOND
MR. LOW CHIA WING

REMUNERATION COMMITTEE

MR. LYE HOONG YIP RAYMOND *(Chairman)*
MR. ANG MIAH KHIANG
MR. SIM ENG HUAT
MR. LOW CHIA WING

COMPANY SECRETARY

MR. SEAH KIM SWEE

INVESTOR RELATIONS

FINANCIAL PR PTE LTD
4 ROBINSON ROAD #04-01
THE HOUSE OF EDEN
SINGAPORE 048543

COMPANY REGISTRATION NUMBER

201214694Z

REGISTERED OFFICE

7 CHANGI BUSINESS PARK VISTA #01-01
SINGAPORE 486042

AUDITORS

RSM CHIO LIM LLP
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
8 WILKIE ROAD
#03-08 WILKIE EDGE
SINGAPORE 228095

Partner-in-charge:
MR. DEREK HOW
(a member of the Institute of Singapore Chartered Accountants)

Appointed since financial year ended 31 December 2016

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. PRIVATE LIMITED
8 ROBINSON ROAD #30-00
ASO BUILDING
SINGAPORE 048544

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED
80 RAFFLES PLACE
UOB PLAZA
SINGAPORE 048624

DBS BANK LTD.
12 MARINA BOULEVARD
MARINA BAY FINANCIAL CENTRE TOWER 3
SINGAPORE 018982

STANDARD CHARTERED BANK (SINGAPORE) LIMITED
8 MARINA BOULEVARD, LEVEL 29
MARINA BAY FINANCIAL CENTRE TOWER 1
SINGAPORE 018981

OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S PERFORMANCE REVENUE

REVENUE
The Group's revenue increased by S$55.15 million or 31.2% from S$176.79 million in FY2016 to S$231.94 million in FY2017. The increase in revenue was mainly from the increase in sales by our subsidiary, SK Bullion, of S$62.85 million in FY2017.

OTHER GAINS
Other gains increased by S$0.57 million or 43.5% from S$1.31 million in FY2016 to S$1.88 million in FY2017. The increase was due to foreign exchange adjustment gains of S$0.56 million, reversal of contingent consideration for business combination of S$0.50 million and rental income of S$0.10 million, offset by decrease in government grants and miscellaneous income of S$0.58 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. The more than proportionate increase in material costs as compared to the increase in revenue was mainly due to the change in product mix.

EMPLOYEE BENEFITS EXPENSE
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 salaries and sales commission and (ii) increase in recruitment expenses.

DEPRECIATION AND AMORTISATION EXPENSE
Depreciation and amortisation expense decreased by S$0.18 million or 4.3% 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 increased by S$0.09 million or 12.6% from S$0.68 million in FY2016 to S$0.77 million in FY2017 mainly due to (i) goodwill write off of S$0.50 million, (ii) a loss on disposal of plant and equipment of S$0.12 million and (iii) a fair value loss on derivative instruments of S$0.11 million which was partially offset by (i) an absence of foreign exchange adjustment loss of S$0.61 million attributable to the weakening of the Malaysia Ringgit which had been recognised in FY2016 and (ii) an absence of inventories written down of S$0.03 million recognised in FY2016.

FINANCE COSTS
Finance costs decreased by S$0.47 million or 23.0% from S$2.04 million in FY2016 to S$1.57 million in FY2017. The decrease was mainly due to lower borrowings following the repayment of certain term loans facilities and 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 loan agreements dated 1 June 2015 (the "Directors' Loans").

OTHER EXPENSES
Rental and 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.

INCOME TAX EXPENSE
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. This was mainly due to a tax refund of S$0.88 million received in FY2017 arising from claiming of certain tax reliefs and deductions in relation to prior year's income tax matters in Singapore.

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$6.17 million or 6.5% from S$95.48 million as at 31 December 2016 to S$101.65 million as at 31 December 2017. This was mainly due to the (i) increase in other assets of S$3.94 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 Should be $11.63 offset by (i) repayment of trade payables for raw materials and finished goods purchased on credit terms of S$4.07 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) favourable 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$13.81 million, net of income tax paid of S$1.71 million and working capital inflows of S$5.51 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$11.76 million,

(b) offset by (i) decrease in trade and other payables of S$4.08 million, (ii) increase in other assets of S$3.94 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.

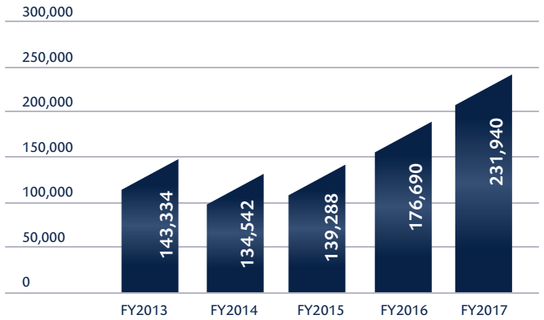
For FY2017, net cash flows used in financing activities was S$10.02 million mainly due to (i) dividend payment of S$2.81 million, (ii) loan repayment of S$2.93 million, (iii) net movement in amounts due to directors of S$3.64 million arising from the repayment of the Directors' Loans and (iv) interest 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$3.78 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.

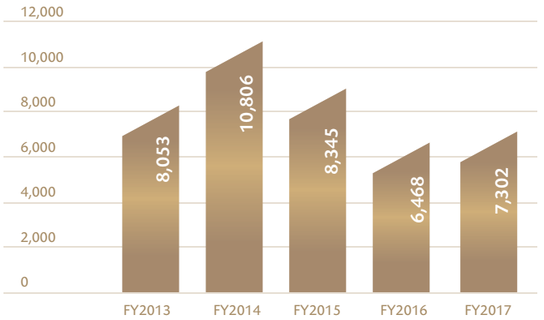
FINANCIAL HIGHLIGHTS

	FY2013 S$'000	FY2014 S$'000	FY2015 S$'000	FY2016 S$'000	FY2017 S$'000
PROFIT AND LOSS					
Revenue	143,334	134,542	139,288	176,690	231,940
Gross profit	62,827	63,952	66,301	62,481	61,111
Profit before taxation from continuing operations	9,938	13,720	10,431	8,205	8,189
Profit after taxation from continuing operations	8,053	10,806	8,345	6,468	7,302
Basic earnings per share (cents)	1.79	2.40	1.70	1.15	1.32
No. of shares ('000)	450,000	450,000	562,500	562,500	562,500
BALANCE SHEET					
Non-Current Assets	11,061	17,315	38,311	39,760	39,037
Current Assets	66,844	68,592	102,834	95,483	101,647
Inventories	47,908	51,821	60,470	59,644	57,762
Fixed deposits and cash equivalents	8,219	8,535	34,026	27,488	31,263
Current Liabilities	53,307	54,232	52,067	47,151	51,731
Net Current Assets	13,537	14,360	50,767	48,332	49,916
Total Assets	77,905	85,907	141,145	135,243	140,684
Shareholders' Equity	21,761	29,740	49,925	53,751	58,424
FINANCIAL RATIOS					
Net profit margin	5.6%	8.0%	6.0%	3.7%	3.1%
Return on equity	37.0	36.3	16.7	12.0	12.5
Net assets per share (cents)	4.84	6.61	8.88	9.50	10.35

REVENUE (S$'000)



PROFIT AFTER TAXATION (S$'000)



ACTIVITIES AND AWARDS

9 FEB
FIRST JEWELLER IN ASIA TO PARTNER DE BEERS' IIDGR

Soo Kee Group is the first jeweller in Asia to partner the International Institute of Diamond Grading & Research (IIDGR), part of the De Beers Group of Companies, for polished diamond grading services. As the exclusive retailer in Singapore to offer bespoke IIDGR grading reports for *Love & Co.'s Lovemarque* diamond, the diamond is backed by over 120 years of De Beers Group's diamond expertise. A launch event was held at Chijmes Singapore, with a bridal show that showcased a couple's love journey.

9 FEB
JOINT VENTURE WITH THAILAND'S AURORA DESIGN CO. LTD

Soo Kee Group enters into memorandum of understanding with Aurora Design Co. Ltd, a leading retailer of gold ornament and fine jewellery in Thailand with over 170 retail stores. A joint venture will be established to sell gold and diamond products under the *Love & Co.* brand name in Thailand, capturing the growth opportunities in Thailand's fine jewellery market.

22 FEB
LAUNCH OF 999 PURE GOLD XIFU 囍福 COLLECTION

SK Jewellery launched the premium *999 Pure Gold Xifu* collection with a grand celebration at JW Marriot Hotel Singapore South Beach. An internationally renowned gold jewellery collection endorsed by World Gold Council, the launch event was attended by jewellery connoisseurs, long-time customers, friends of the brand and media. Guests were treated to a fashion presentation that showcased the beautiful *Xifu* bridal jewellery, while special guest Nathan Hartono serenaded the beautiful brides with live music.

26 MAY
SOO KEE JEWELLERY LAUNCHES UNO COLLECTION

Soo Kee Jewellery launches the all new *UNO* collection, an exquisite range of diamond jewellery designed to achieve exceptional sparkle and make an elegant, sophisticated statement. For the modern and confident woman, the collection features bold and luxurious designs that embodies timeless prestige and style.

14 SEP
SK JEWELLERY CLINCHES "RETAILER OF THE YEAR" AT THE JEWELLERY NEWS ASIA AWARDS 2017

SK Jewellery clinches the Retailer of the Year (450 outlets and below) at the JNA Awards Ceremony and Gala Dinner held on Thursday, 14 September 2017, at the InterContinental Hong Kong. The award is a reflection of SK Jewellery's commitment to best business practices and excellent customer service which has allowed the brand to command unbridled respect from various trade organisations.

12 DEC
SK JEWELLERY LAUNCHES THE PEANUTS COLLECTION

SK Jewellery unveiled its brand new *Peanuts Collection*, at a launch party with media and guests. From *999 Pure Gold* coins and notes to white gold and diamond jewellery, *SK Jewellery* indulges *Peanuts* fans in all things *Peanuts*, as the brand re-interprets well-loved characters such as *Snoopy, Woodstock, Charlie Brown* and many more in glamorous *999 Pure Gold*, and shimmery white gold diamond jewellery.

19 DEC
SK BULLION LAUNCHES THE SINGAPORE MERLION SILVER COIN

SK Bullion expanded into the international collectible coin market with a limited edition The *Singapore Merlion 2 oz Silver Coin* exclusively designed by *SK Bullion*. The high relief 3D lifelike coin features the Singapore Merlion in antique finishing that is masterfully crafted to reflect every little detail from The Singapore Merlion's body scales to its facial feature.

BOARD OF DIRECTORS

From left to right: Mr. Lye Hoong Yip Raymond, Mr. Lim Yong Sheng, Mr. Lee Teck Kheng (CFO), Dato' Sri Dr. Lim Yong Guan, Mr. Ang Miah Khiang, Mdm. Lim Liang Eng, Mr. Low Chia Wing, Mr. Sim Eng Huat

DATO' SRI DR. LIM YONG GUAN

Non Executive Chairman, Co-Founder

Dato' Sri Dr. Lim Yong Guan is one of the Group's founders and the Non-Executive Chairman of the Company since 19 August 2015. He was last re-elected on 24 April 2017. As the Group's co-founder, Dr. Lim has been instrumental in the establishment and development of the Group, and has substantial and invaluable expertise, know-how, and industry and business connections. As the Group's Non-Executive Chairman, Dr. Lim presides over and facilitates board meetings, and advises the Group's management, who draw on Dr. Lim's extensive business networks, market insights, and wealth of experience and knowledge of the jewellery industry, for guidance. Dr. Lim presently holds the position of Executive Chairman and Chief Executive Officer ("CEO") of MoneyMax Financial Services Ltd. ("Moneymax"), a company listed on the Catalist of the SGX-ST. Dr Lim serves as a committee member for the Singapore Jewellers Association and the Singapore Pawnbrokers' Association. In addition, he is actively involved in community and grassroots activities. Dr Lim serves as the Chairman for Bukit Merah Community Centre Management Committee and Hua Yan Buddhist Society. He also serves as the Board Chairman for Bukit Timah Seu Teck Sean Tong Institution Limited, Deputy Chairman for Theng Hai Huay Kuan and Vice Chairman for Radin Mas Citizens' Consultative Committee and Teochew Poit Ip Huay Kuan. He was also awarded the prestigious Pingat Bakti Masyarakat or the Public Service Medal in 2015.

MR. LIM YONG SHENG

Executive Director and Group Chief Executive Officer, Co-Founder

Mr. Lim Yong Sheng is one of the Group's founders and an Executive Director of the Company and the Group CEO since 19 August 2015. He was last re-elected on 24 April 2017. Since the Group's establishment, Mr. Lim has been a critical contributor to the Group's growth and continued success. As Group CEO, he is responsible for the overall strategic planning, management, and business development of the Group, monitoring the development and performance of the Group's operations, driving the operational efficiency of the Group's work processes, and identifying new opportunities for the Group's expansion. In particular, the Group's brand management and marketing strategy are spearheaded by Mr. Lim. He also presently holds the position of Non-Executive Director of MoneyMax. Mr. Lim received a Bachelor of Science in Electrical Engineering from the National University of Singapore.

MDM. LIM LIANG ENG

Executive Director and Group Chief Operating Officer, Co-Founder

Mdm. Lim Liang Eng is one of the Group's founders and an Executive Director of the Company and the Group Chief Operating Officer ("COO") since 19 August 2015. She was last re-elected on 29 April 2016. Since the Group's establishment, she has been a critical contributor to the Group's growth and continued success. As Group COO, Mdm. Lim oversees the Group's operations, including dealings with suppliers, financial institutions, and relevant government authorities, the expansion plans for the Group's retail stores, the Group's procurement, merchandising, pricing strategies, human resources, and general administration, and has been critical in contributing to the Group's growth. Mdm. Lim served as an Executive Director of MoneyMax from August 2013 to 6 August 2015.

MR. ANG MIAH KHIANG

Lead Independent Director

Mr. Ang Miah Khiang is the Lead Independent Director of the Company and was appointed on 30 June 2015 and was last re-elected on 29 April 2016. He is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company. He spent the greater part of his career in the small-medium sized enterprise financing business, having held the position of managing director of GE Commercial Financing (Singapore) Ltd, formerly known as Heller Financial (S) Ltd. He was also concurrently regional director for GE related businesses in Asia Pacific. Mr. Ang is a Fellow of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the University of Singapore. He is also an independent director of Baker Technology Ltd, a company listed on the Main Board of the SGX-ST, and PS Group Holdings Ltd, a company listed on the Catalist of the SGX-ST. In the preceding three (3) years, he was also an independent director of Ley Choon Group Holdings Ltd, Uni-Asia Holdings Limited and Katrina Group Ltd.

MR. SIM ENG HUAT

Independent Director

Mr. Sim Eng Huat was appointed as an Independent Director of the Company on 30 June 2015 and was last re-elected on 29 April 2016. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. Sim started his career in 1977 in the Singapore Civil Service where he spent a total of 18 years, during which he had served six (6) years in Hong Kong and three (3) years in Bangkok as a diplomat. In 1994, he entered the private sector by joining the Suntec Investment Group of Companies ("SIPL") in Singapore. In addition to fulfilling the role of Chief Operating Officer of SIPL, Mr. Sim was the Managing Director of Chesterton Suntec International Pte. Ltd. from 1997 to 2013. He had been an Honorary Advisor to the Real Estate Developers' Association of Singapore from 2005 to 2013 and member of the Singapore Institute of Directors since January 2000. Mr. Sim is also an independent director and the chairman of the nominating committees of both Lafe Corporation Limited and Metech International Ltd., companies listed on the Main Board of the SGX-ST.

MR. LYE HOONG YIP RAYMOND

Independent Director

Mr. Lye Hoong Yip Raymond was appointed as an Independent Director of the Company on 30 June 2015 and was last re-elected on 24 April 2017. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. Mr. Lye holds a Bachelor of Laws (Honours) from the National University of Singapore and has been in legal practice since 1990. In January 2014, he founded Union Law LLP as its Managing Partner. He was an executive director of CitiLegal LLC from 2010 to 2013 and previously practised with, *inter alia*, Pacific Law Corporation from 2005 to 2010, and Tay, Lye & Ngaw Partnership from 2000 to 2005,. Prior to that, Mr. Lye served as a Magistrate in the Subordinate Courts of Singapore and Deputy Registrar of the State Courts before going into private practice. His areas of expertise are civil and criminal litigation, corporate and commercial work, building and construction law, family law and intellectual property rights. He is a Fellow of the Singapore Institute of Arbitrators and an arbitrator with the Law Society Arbitration Scheme. Mr. Lye also serves as an independent director on the boards of Goodland Group Limited and 800 Super Holdings Limited, companies listed on the Main Board and the Catalist of the SGX-ST, respectively.

MR. LOW CHIA WING

Independent Director

Mr. Low Chia Wing was appointed as an Independent Director of the Company on 30 June 2015 and was last re-elected on 29 April 2016. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Mr. Low currently serves as an executive director with Grid Pte Ltd, which is a 30-year old creative agency that provides advertising and marketing communications services. He was an executive director with Inspire Integrated Marketing Pte. Ltd from 2012 to 2016, which provides exhibitions and events planning, and marketing communications services. From 1997 to 2012, Mr. Low served with FLEx Integrated Marketing Pte. Ltd. as its senior vice president, overseeing its day-to-day operations in Singapore. He was concurrently a director of FLEx Integrated Group LLC (Dubai) from 2008 to 2012. Mr. Low had also previously held positions with, *inter alia*, Cityneon International Pte Ltd (now known as CN Event & Exhibition International Pte. Ltd.) from 1994 to 1997, as a senior manager for support services and purchasing, and Pico Art International Limited from 1992 to 1994, as a manager for general affairs and property management.

MANAGEMENT TEAM

MR. LEE TECK KHENG

Chief Financial Officer

Mr. Lee Teck Kheng was appointed as the Chief Financial Officer of the Group on 5 October 2015. He is responsible for the overall finance, accounting, tax, treasury management, corporate governance and compliance, investor relations and investment matters of the Group. Prior to joining the Group, Mr. Lee was chief financial officer of Great Group Holdings Limited from 2011 to 2015. From 2007 to 2011, Mr. Lee was group financial controller of Sei Woo Technologies Limited. From 1999 to 2007, Mr. Lee was group financial controller of Kedaung Group Management Services Pte. Ltd., a company engaged in the management of companies within the Kedaung Group (KIG Group) in Malaysia, Singapore, China and Hong Kong. Mr. Lee has been a member of the Institute of Singapore Chartered Accountants since 1989. Mr. Lee received a Bachelor of Commence (Accountancy) from Nanyang University in 1979.

MS. LAU WAN KEI, ANGELINA

General Manager, International

Ms. Lau Wan Kei, Angelina is the Group's General Manager, International. She is in charge of the Group's expansion efforts to overseas markets such as China and Thailand, overseeing strategic, operational and management matters. She has served with the Group since 2008, and was responsible for overseeing the Group's network of retail stores between 2010 and 2017. Between 2009 and 2010, Ms. Lau was responsible for the management of the operations of the retail stores showcasing the *Love & Co.* brand. She previously served as a management consultant for Accenture Pte Ltd between 2007 and 2008, a management trainee for General Electric International, Inc. between 2006 and 2007, and an audit assistant for Ernst & Young LLP (Singapore), between 2005 and 2006. Ms. Lau received a Bachelor of Accountancy (Honours) from Nanyang Technological University.

MS. YEO KAH CHENG, KAREN

Country General Manager, Singapore

Ms. Yeo Kah Cheng, Karen joined the Group in October 2017 and was appointed as the Group's Country General Manager, Singapore on 2 April 2018. She is in charge of all strategic, operational and management matters pertaining to the Group's Singapore operations, which include, *inter alia*, overseeing the Group's network of retail stores, branding and marketing activities, and retail operations. Between 2011 and 2017, Ms. Yeo served as Country General Manager (Singapore) with Luxury Ventures Pte Ltd, a company of the Valiram Group, working for both principals and franchisees of multiple international and luxury brands. Prior to 2011, she served as the General Manager for Travel Retail (Changi Airport) at Valiram Group. Ms. Yeo received a Bachelor of Science from National University of Singapore and a Master of Business Administration from California State University.

MR. WONG JAK

Country General Manager, Malaysia

Mr. Wong Jak is the Group's Country General Manager, Malaysia. Since 2002, he has been in charge of all strategic, operational and management matters pertaining to the Group's Malaysian operations, which include, *inter alia*, identifying and securing suitable locations for the Group's retail stores, overseeing retail operations, and identifying suitable business opportunities for the Group's growth in Malaysia. He previously served, *inter alia*, as business manager for Progress Software Corporation (S) Pte Ltd between 1993 and 2002, regional sales manager for Cognos Far East Pte Ltd between 1990 and 1992, and systems engineer for Computer Systems Advisers (Private) Limited between 1983 and 1990. Mr. Wong received a Bachelor of Science from the University of Singapore and a Diploma in Business Administration from the National University of Singapore.

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of Soo Kee Group Ltd. (the "**Company**" and, together with its subsidiaries, the "**Group**") is committed to ensuring a high standard of corporate governance so as to strengthen corporate transparency, to protect the interests of the shareholders of the Company (the "**Shareholders**") and to promote investor confidence.

This report (the "**Report**") describes the Group's corporate governance structures and practices currently in place with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") and, where applicable, the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual, Section B: Rules of Catalist (the "**Catalist Rules**").

The Board is pleased to report on the Group's compliance with the Code. Such compliance is regularly reviewed to ensure transparency and accountability. Where there are deviations from the Code, appropriate explanations have been provided.

A. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

As at the date of this report, the Board comprises the following members:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dato' Sri Dr. Lim Yong Guan	Non-Executive Chairman	-	-	-
Mr. Lim Yong Sheng	Executive Director and Chief Executive Officer	-	-	-
Mdm. Lim Liang Eng	Executive Director and Chief Operating Officer	-	-	-
Mr. Ang Miah Khiang	Lead Independent Director	Chairman	Member	Member
Mr. Sim Eng Huat	Independent Director	Member	Chairman	Member
Mr. Lye Hoong Yip Raymond	Independent Director	Member	Member	Chairman
Mr. Low Chia Wing	Independent Director	Member	Member	Member

The primary function of the Board is to provide leadership to the Group and to protect and enhance long-term value for Shareholders and other stakeholders. Besides carrying out its statutory responsibilities, the Board's role is to:

- Provide effective directives on and approve the policies, strategies and financial objectives of the Group;
- Ensure that necessary financial, human and other resources are in place for the Group to meet its objectives;
- Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance to enable risks to be assessed and managed, including safeguarding of Shareholders' interests and the assets of the Group;
- Monitor and review the performance of the management and approve the nominations of Directors and appointment of key management personnel;
- Approve annual budgets;
- Approve acquisition, investment, divestment, joint venture and disposal of assets exceeding 3.0% of the latest audited net tangible assets ("**NTA**") of the Group;
- Set the Group's values and principles (including ethical standards) and ensuring that the obligations to the Shareholders and other stakeholders are met;
- Assume responsibility for the adoption of good corporate governance practices; and
- Consider sustainability issues of policies and procedures where appropriate.

CORPORATE GOVERNANCE REPORT

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and is obliged to act in good faith and take objective decisions as fiduciaries and in the interests of the Group.

The Board is supported by a number of board committees (the "**Board Committees**") to assist it in the discharge of its responsibilities. These Board Committees operate under clearly defined terms of reference. The three (3) Board Committees are:

- Audit Committee (the "**AC**")
- Nominating Committee (the "**NC**"); and
- Remuneration Committee (the "**RC**").

The Board accepts that while the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The schedules for all of the Board and Board Committee meetings as well as the Annual General Meetings of the Company ("**AGMs**") are planned in advance. The Board meets at least four (4) times a year to review and approve, *inter alia*, the quarterly financial results of the Group. The Board also meets on an ad-hoc basis as warranted by circumstances to supervise, direct and control the Group's business and affairs. Apart from approvals obtained at Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing.

The constitution of the Company ("**Constitution**") allows for Directors to conduct meetings by teleconference or videoconference. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during the financial year ended 31 December ("**FY**") 2017 are as follows:

	Board	AC	NC	RC
No. of meetings held	4	4	1	1
Dato' Sri Dr. Lim Yong Guan	4	4*	1*	1*
Mr. Lim Yong Sheng	4	4*	1*	1*
Mdm. Lim Liang Eng	4	4*	1*	1*
Mr. Ang Miah Khiang	4	4	1	1
Mr. Sim Eng Hua	4	4	1	1
Mr. Lye Hoong Yip Raymond	4	4	1	1
Mr. Low Chia Wing	4	4	1	1

** By invitation*

The Group has adopted internal guidelines governing matters that require the Board's approval. These include:-

- Strategies and objectives of the Group;
- Budgets/forecasts;
- Corporate or financial restructuring;
- Announcement of quarterly, including the half-year and full year results, and release of the annual reports;
- Issuance of securities;
- Declaration of interim dividends and proposed final dividends;
- Convening of Shareholders' meetings;
- Material acquisition, investment, divestment or capital expenditure exceeding 3.0% of the latest audited NTA of the Group;
- Diversification of business; and
- Interested person transactions.

CORPORATE GOVERNANCE REPORT

Management keeps the Directors up-to-date on pertinent developments including the Group's business, financial reporting standards and industry-related matters. Such periodic updates provided to the Directors facilitate the discharge of their duties. The Directors are also encouraged to keep abreast of developments in legal, regulatory and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops where relevant and/or applicable, with the cost of such training borne by the Company. At each Board meeting, the Chief Executive Officer (the "**CEO**") of the Company updates the Board on the business and strategic developments of the Group.

The Company has a policy for new incoming Directors to be briefed on the Group's business, strategies, operations and organisation structures and governance practices to enable them to assimilate into their new roles. The new incoming Directors are also welcome to request further explanations, briefings or informal discussions on any aspects of the Group's operational or business issues from the management. The Company will make the necessary arrangements for the site visits, briefings, informal discussions or explanations required by the new incoming Directors.

A formal letter of appointment is furnished to every newly-appointed Director upon the appointment explaining, among other matters, the roles, obligations, duties and responsibilities as a member of the Board. There was no new Director appointment in FY2017.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10.0% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Report, the Board comprises two (2) Executive Directors, one (1) Non-Executive Director and four (4) Independent Directors. The Company fulfills the Code's requirement as more than half of the Board comprises Independent Directors. Accordingly, the Company is in compliance with the requirement of the Code where Independent Directors should make up at least half of the Board where the Chairman of the Board and the CEO are immediate family members.

The Independent Directors have each confirmed that they do not have any relationship with the Company, its related corporations, its officers or its Shareholders with shareholdings of 10.0% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group. The NC reviews the independence of each Independent Director at the time of appointment and annually. The NC has reviewed, determined and confirmed the independence of the Independent Directors and the Board has concurred with the NC's confirmation.

During FY2017, there was no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment.

The NC has reviewed and is satisfied that the current composition and size of the Board and Board Committees are appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations, the balance and diversity of, amongst other factors, skills, experience and gender. The Board comprises Directors who are qualified and experienced in various fields including accounting and finance, legal, business and management experience and the requisite industry knowledge. Each Director has been appointed on the strength of his or her skills, knowledge and experience and is expected to contribute to the development of the Group's strategy and the performance of its business. The Board includes one (1) female Director in recognition of the importance and value of gender diversity. The NC is of the view that the current Board comprises members who as a group possess core competencies necessary to lead and manage the Group effectively.

The Non-Executive Director also provides oversight on the performance of management by constructively challenging and helping to develop proposals on strategy. He monitors and reviews the reporting and performance of management in meeting agreed goals and objectives.

CORPORATE GOVERNANCE REPORT

Chairman and CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman and CEO functions are assumed by different individuals, thus ensuring an appropriate balance of power and authority, and allowing for increased accountability and greater capacity of the Board for independent decision making.

Dato' Sri Dr. Lim Yong Guan is the Non-Executive Chairman of the Company. With the assistance of the company secretary ("**Company Secretary**"), he schedules Board meetings as and when required, prepares the agenda for Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular, on strategic issues. He promotes an open environment for debate, and ensures that Independent Directors are able to speak freely and contribute effectively. In addition, he sets guidelines and exercises control over the quality, quantity, accurateness and timeliness of information flow between the Board and the management. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance with the support of the Board, the Company Secretary and management.

Mr. Lim Yong Sheng, who is the brother of Dato' Sri Dr. Lim Yong Guan, is the Executive Director and CEO of the Company. He supervises the day-to-day business operations of the Group with the support of Mdm. Lim Liang Eng, the Executive Director and Chief Operating Officer of the Company, together with management, as well as formulates long-term strategies and policies of the Group.

Mr. Ang Miah Khiang, being the Lead Independent Director of the Company, is the contact person for Shareholders, employees or other persons in situations communication through the channels of the Non-Executive Chairman, Executive Directors, CEO and/or chief financial officer ("**CFO**") has not resolved their concerns or where such communication is considered inappropriate. Mr. Ang Miah Khiang will also take the lead in ensuring compliance with the Code.

The Independent Directors meet amongst themselves and with the Company's external auditors ("**EA**") and internal auditors ("**IA**") without the presence of management and the Non-Executive Chairman, given his familial relationship with certain members of management, to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, Board processes, management cooperation, as well as, any internal audit observations. Thereafter, the Lead Independent Director will provide feedback to the Chairman of the Board after such meetings, if needed.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises four (4) members, all of whom, including the Chairman, are independent.

Chairman:	Mr. Sim Eng Huat	(Independent Director)
Members:	Mr. Ang Miah Khiang	(Lead Independent Director)
	Mr. Lye Hoong Yip Raymond	(Independent Director)
	Mr. Low Chia Wing	(Independent Director)

The NC functions under a set of written terms of reference which sets out its responsibilities as follows:

- To review the Board structure, size, composition and independence of the Independent Directors;
- To make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the structure, size and composition of the Board;
- To develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession for Directors;
- To review training and professional development programs for the Directors;

CORPORATE GOVERNANCE REPORT

- To ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years, and to recommend Directors who are retiring by rotation to be put forward for re-election;
- To determine and confirm the independence of each Director, taking into consideration guidance from the Code and any other salient factors, at least on an annual basis;
- To develop a process for evaluation of the performance of the Board, Board Committees and Directors;
- To assess whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company; particularly when he/she has multiple board representations; and
- To perform such other duties or functions as may delegated by the Board or required by regulatory authorities.

There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. When a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board, the NC will review and assess candidates before making recommendations to the Board. In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills, calibre, experience, expertise, attributes, ability and gender, amongst other factors, required to support the Group's business activities or strategies, the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors.

In identifying suitable candidates, the NC may:

- Advertise or use the services of external advisors to facilitate a search; and
- Consider candidates from a wide range of backgrounds from internal or external sources.

After shortlisting the candidates, the NC shall consider and interview candidates on merit against objective criteria, taking into consideration whether the candidate can devote sufficient time and attention to the affairs of the Group.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Constitution provides that one-third of the Board, or the number nearest to one-third is to retire by rotation at every AGM. In addition, the Constitution also provides that new Directors appointed during the year either to fill a vacancy or as an addition to the Board are required to submit themselves for re-election at the next AGM. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:

Pursuant to Article 89 of the Constitution:

(i) Mdm. Lim Liang Eng;
(ii) Mr. Ang Miah Khiang; and
(iii) Mr. Low Chia Wing.

Mr. Ang Miah Khiang and Mr. Low Chia Wing, being members of the NC, have abstained from deliberation in respect of their respective nomination.

All Directors are required to declare their board representations. As at the date of this Report, none of the Directors hold more than three (3) directorships in other listed companies outside of the Group. The Board has not set a numerical limit on the number of listed company board representations each Director may hold. The Company will consider imposing a cap in future when it deem necessary.

When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his duties, taking into consideration the Director's number of listed board representations, the Director's other principal commitments, the roles and scope of responsibilities of these principal commitments and involvement of any other activities outside of these principal commitments, among other factors. The NC has reviewed and is satisfied that each Director has been able to devote sufficient time and attention to the affairs of the Group to adequately discharge his or her duties as a Director, notwithstanding his or her respective board representations.

CORPORATE GOVERNANCE REPORT

As at the date of this Report, the Company does not have any alternate Director as the Board does not encourage the appointment of alternate Directors, unless in exceptional cases.

Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng are siblings. Save as aforesaid, the NC has confirmed that none of the Directors are related and they do not have any relationship with the Company or its related corporations, its 10.0% Shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Group.

Key information of each Director can be found on pages 14 and 15 of this Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board and its board committees as a whole and the contribution by each director to the effectiveness of the Board.

The NC has established a review process to assess the performance and effectiveness of the Board and Board Committees as a whole on an annual basis. The Board assesses, amongst others, the structure, operation, responsibilities, contribution and the performance objectives of the Board and Board Committees.

All Directors are requested to complete a Board assessment checklist designed to seek their views on the various performance criteria set by the Board, so as to assess the overall performance and effectiveness of the Board and Board Committees. The checklists are completed and submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review and discussion before making any recommendations to the Board. The performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the performance of the Board and Board Committees against short and long-term financial and non-financial performance indicators, identify areas for improvement and to implement appropriate action. The NC has reviewed the overall performance and effectiveness of the Board and Board Committees and is of the view that the performance and effectiveness of the Board and Board Committees as a whole has been satisfactory.

The NC will at the relevant time look into adopting guidelines for annual assessment of the contribution of each Director to the performance and effectiveness of the Board and Board Committees. The NC is of the view that despite multiple board appointments held by certain Directors, each Director has been able to devote sufficient time and attention in adequately carrying out his or her duties as a Director.

The Board has not engaged any external facilitator in conducting the assessment of the performance of the Board and Board Committees. Where relevant, the NC will consider such an engagement.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to the Directors in advance of the meetings. Updates on the Group's financial performance, position and prospects, amongst others, are also provided to the Directors in advance of the Board and Board Committee meetings, as well as on an on-going basis, as practicable. Any additional materials or information requested by the Directors are also promptly furnished. The Directors have unrestricted access to records and information of the Group, and have separate and independent access to the Company Secretary, the EA, the IA and to other senior management of the Group at all times in carrying out their function.

CORPORATE GOVERNANCE REPORT

The Company Secretary attends or is represented at all meetings of the Board and Board Committees, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for, among others, ensuring that Board procedures are observed and that the Constitution, and relevant rules and regulations, including the Catalist Rules, are complied with. The Company Secretary also assists the Non-Executive Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term Shareholders' value.

The Company Secretary assists the Non-Executive Chairman in ensuring good information flows within the Board and Board Committees and between the management and Independent Directors. The Company Secretary also facilitates the orientation and assists with the professional development of the Directors, if required.

The Company Secretary attends and prepares minutes for all Board and Board Committee meetings. As secretary for the Board Committees, the Company Secretary also assists the Non-Executive Chairman, the Chairman of each Board Committee and the management in the development of the agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Changes to regulations are closely monitored by management and Directors are briefed at the Board and Board Committee meetings, or on an on-going basis by the Company Secretary and/or other professional advisors, especially where these changes have an important bearing on the Company's or the Directors' disclosure obligations.

Should the Directors, whether as a group or individually, require independent professional advice, the Board will appoint a professional advisor to render the advice. The cost of such professional advice will be borne by the Company.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises four (4) members all of whom, including the Chairman, are independent.

Chairman:	Mr. Lye Hoong Yip Raymond	(Independent Director)
Members:	Mr. Ang Miah Khiang	(Lead Independent Director)
	Mr. Sin Eng Huat	(Independent Director)
	Mr. Low Chia Wing	(Independent Director)

The RC functions under a set of written terms of reference which sets out its responsibilities as follows:

- To recommend to the Board a framework for remuneration for the Directors and key management personnel of the Group. The framework covers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind;
- To review and recommend Directors' fees for approval at the AGM;
- To determine specific remuneration packages for each Executive Director as well as key management personnel so as to ensure that the packages are competitive and sufficient to attract, retain and motivate the Directors and key management personnel of the required quality to run the Group successfully;
- To review the remuneration packages of employees related to Directors, CEO and/or substantial Shareholders, to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

CORPORATE GOVERNANCE REPORT

- To administer the performance share plan and any other share option scheme or share plan established from time to time, in accordance with the rules of such share plan or share option scheme and the Catalist Rules; and
- To perform such other duties or functions as may be delegated by the Board or required by regulatory authorities.

Each member of the RC shall abstain from voting on any resolution in respect of his own remuneration package.

The RC will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company. No such service was required for FY2017.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk-policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration structure for its Executive Directors and key management personnel comprised both fixed and variable components. The fixed component is in the form of a monthly base salary. The variable component is in the form of a variable incentive bonus that is performance-related and is linked to the Group's performance as well as the individual's performance. This is designed to align remuneration with the interests of Shareholders and link rewards to corporate and individual performance so as to promote the long term success of the Group.

Each Executive Director has a service agreement with the Company valid for an initial period of three (3) years with effect from the date of the Company's listing on the Catalist of the SGX-ST ("**Listing**"). Upon the expiry of the initial period of three (3) years, the employment of each Executive Director shall be renewed for a further three (3) years on such terms and conditions as may be agreed by the RC unless terminated by either party giving six (6) months' written notice of intention not to renew the employment.

All revisions to the remuneration packages for the Executive Directors and key management personnel are subject to the review by and recommendation of the RC and the approval of the Board.

Performance conditions such as the financial performance and operations of the Group, as well as any other business objectives such as quality of service and adherence to corporate values and principles which may from time to time be determined by the Board are used to determine the short-term incentive schemes employed in determining the remuneration of the Executive Directors and key management personnel. In addition, all employees of the Group, including the Directors, are eligible to participate in the Company's performance share plan known as the "Soo Kee Group Performance Share Plan" ("**PSP**"). The PSP is employed as a long-term incentive in the remuneration of the Directors and key management personnel, and forms an integral component of the Group's compensation scheme. It is designed to reward, retain and motivate employees to achieve superior performance to align the interests of Directors and employees with that of the Company's shareholders. The PSP is administered by the RC. The performance conditions used to determine the entitlements of the Directors and key management personnel under the PSP include specific performance targets imposed by the Group, taking into account factors such as (i) the business strategies, plans and directions of the Company and the Group; (ii) the actual job scope and responsibilities of the Director or employee; and (iii) the prevailing economic conditions. The RC has reviewed the performance conditions for the Directors and key management personnel for FY2017 and has determined them to have been met. As at the date of this Annual Report, no awards have been granted under the PSP.

The PSP is administered by the RC with such discretion, powers and duties as are conferred on it by the Board. A member of the RC shall not be involved in the deliberations of the RC for the grant of awards to him.

Directors' fees are payable to the Non-Executive Directors taking into account factors such as the effort and time spent and their scope of responsibilities. Directors' fees are recommended by the RC for approval by Shareholders at the AGM. Executive Directors do not receive Directors' fees.

No Director is involved in deciding his or her own remuneration package.

CORPORATE GOVERNANCE REPORT

There are no termination or retirement benefits that are granted to the Directors. The Company does not intend to use contractual provisions to allow the Group to claim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. In addition, the Company has in place strong corporate governance practices described herein such as the processes put in place for the selection and appointment of new Directors as disclosed under Principle 4 above, the review process to assess the performance and effectiveness of the Board and Board Committees as a whole on an annual basis as disclosed under Principle 5 above and the Whistle Blowing Policy as defined and disclosed under Principle 12 below, among others, as checks and balances to prevent the occurrence of such instances.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of directors

As mentioned in Principle 8 above, each Executive Director has a service agreement with the Company for an initial period of three (3) years with effect from the date of Listing. Please refer to the Company's offer document dated 11 August 2015 ("**Offer Document**") for further information on the remuneration packages of the Executive Directors, which consist of fixed and variable components. A breakdown showing the level and mix of each individual Director's remuneration for FY2017 (in percentage terms) is disclosed below:-

Remuneration Band and Name of Director	Directors' Fees(1) (%)	Salary/Fixed Bonus(2) (%)	Benefits in Kind (%)	Variable Bonus(2) (%)	Total (%)
S$500,000 to S$749,999					
Mr. Lim Yong Sheng(3)	-	84.0	3.0	13.0	100.0
Mdm. Lim Liang Eng(3)	-	84.0	3.0	13.0	100.0
S$250,000 to S$499,999					
Dato' Sri Dr. Lim Yong Guan(3)	100.0	-	-	-	100.0
Below S$250,000					
Mr. Ang Miah Khiang	100.0	-	-	-	100.0
Mr. Sim Eng Huat	100.0	-	-	-	100.0
Mr. Lye Hoong Yip Raymond	100.0	-	-	-	100.0
Mr. Low Chia Wing	100.0	-	-	-	100.0

Notes:

(1) Directors' fees are subject to Shareholders' approval at the forthcoming AGM.

(2) Inclusive of employer provident funds.

(3) Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng are siblings.

CORPORATE GOVERNANCE REPORT

Remuneration of key management personnel

The remuneration received by the top five (5) key management personnel (who are not Directors or the CEO) for FY2017 is below S$250,000 in each case. The Company has not disclosed the names and details of the remuneration of its top five (5) key management personnel as the Board believes that full detailed disclosure of the remuneration of each Director and key management personnel as recommended by the Code would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented such information in remuneration bands.

Range of remuneration	No. of key management personnel
Below S$250,000	5[(1)]
Total	S$834,022

Note:

(1) This includes Ms. Lau Wan Kei, Angelina, General Manager, Singapore Operations, who is the daughter of Mdm. Lim Liang Eng, and niece of Dato' Sri Dr. Lim Yong Guan and Mr. Lim Yong Sheng, as well as, Mr. Wong Jak, General Manager, Malaysia Operations, who is the brother-in-law of Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng.

The Board is of the view that the information as disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar. The remuneration of employees related to the Directors, CEO and/or substantial Shareholders of the Company will also be reviewed annually by the RC.

In FY2017, employees who are not key management personnel but are immediate family members of the Directors, CEO and/or substantial Shareholders are Mdm. Lim Liang Cheng, Area Manager, Malaysia Operations, who is the sister of Dato' Sri Dr. Lim Yong Guan, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, and the spouse of Mr. Wong Jak. The remuneration of Mdm. Lim Liang Cheng falls within the band of S$150,000 to S$200,000.

Save as disclosed above, there is no other employee who is related to a Director, the CEO or substantial Shareholder and whose remuneration exceeded S$50,000 during FY2017.

In connection with the Listing, the PSP was adopted with the objectives of, among others, motivating the management personnel to achieve key financial and operational goals of the Group and recognising the efforts of, and retaining, existing management personnel whose contributions are important to the long-term development and profitability of the Group.

During FY2017, no awards have been granted to eligible participants under the PSP.

C. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board approves quarterly financial statements and authorises the release of the results to the Shareholders. From time to time, the Board also provides Shareholders with updates of new business developments, material contracts entered into and other material information *via* public announcements on SGXNET.

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of providing accurate and relevant information on a timely basis in compliance with statutory and regulatory requirements. Hence, the Directors receive quarterly financial and other reports from the management. Such reports keep the Directors informed of the Group's performance, position and prospects and consist of, amongst others, the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax profit by operating segments together with explanations for significant variances for the quarter and year-to-date, in order for the Board to make a balanced and informed assessment of the Group's financial performance, position and prospects, as well as, management's achievements of the goals and objectives determined by the Board.

In accordance with the Catalist Rules, the Board issued negative assurance statements in the financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board notes that the Group's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. Nonetheless, the Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology ("**IT**") controls. The Board also recognizes its responsibilities in ensuring a sound system of internal controls to safeguard Shareholders' interests and the Group's assets. The Board will look into the need for establishment of a separate Board risk committee at the relevant time.

The management is responsible for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk exposure, risk tolerance and risk policies.

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including, financial, operational, compliance, IT controls and risk management, is conducted annually. In this respect, the AC will review the audit plans and the findings of the EA and the IA, and will ensure that management follows up on the EA and IA's recommendations raised, if any, during the audit process.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the EA and the IA and reviews performed by the Board, the AC and the management, the Board, with the concurrence of the AC, is of the view that the internal control systems of the Group addressing financial, operational, compliance, IT risks and risk management systems are adequate as at the date of this Annual Report.

The Board and the AC have also received assurances from the Executive Director and CEO and the CFO that the Group's risk management and internal control systems are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and IT risks and also that the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's business operations and finances.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four (4) members all of whom, including the Chairman, are independent.

Chairman:	Mr. Ang Miah Khiang	(Lead Independent Director)
Members:	Mr. Sim Eng Huat	(Independent Director)
	Mr. Lye Hoong Yip Raymond	(Independent Director)
	Mr. Low Chia Wing	(Independent Director)

The AC meets at least on a quarterly basis. The AC is guided by its terms of reference which stipulate that its principal functions include, *inter alia*, reviewing the Group's annual audit plans (internal and external), its system of internal controls and risk management, the effectiveness and adequacy of its internal audit function which is currently outsourced to the IA, regulatory compliance matters, its risk management framework, interested person transactions and financial results announcements. The AC is also responsible for making recommendations to the Board on the appointment/re-appointment/removal of the EA and IA and their remuneration.

The AC has explicit authority to investigate any matter within its terms of reference. The AC has full access to, and the co-operation of the management, as well as the EA and IA, respectively. The AC also has full discretion to invite any Director or any member of management to attend its meeting. The AC has adequate resources, including access to external professional advisors if required and auditors, to enable it to discharge its responsibilities properly.

The Board considers Mr. Ang Miah Khiang, a fellow with the Institute of Singapore Chartered Accountants who has extensive and practical financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in finance and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the financial statements of the Group, the AC is encouraged to participate in training courses, seminars and workshops, as relevant, and to seek advice from the EA at the AC meetings that are held.

The AC is satisfied that based on the nature and extent of non-audit services provided to the Group by the EA, RSM Chio Lim LLP, in FY2017, it would not prejudice the independence and objectivity of the EA and has recommended the EA's re-appointment as external auditors of the Company to the Board for FY2017. A breakdown of the fees in total for audit and non-audit services is set out in the Notes to the Financial Statements on page 64 of this Annual Report.

The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the EA.

The AC meets with the EA and the IA separately, at least once a year, without the presence of the Non-Executive Chairman, given his familial relationship with the management, and the management to review any matter that might be raised.

The Group has put in place a whistle-blowing framework (the "**Whistle Blowing Policy**"), endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured email address has been set up to allow whistle-blowers to contact the AC Chairman directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action, and provides assurance that whistle blowers will be protected from reprisal within the limits of the law.

CORPORATE GOVERNANCE REPORT

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities relating to the Group, the AC and the Board have access to appropriate external advice where necessary.

No former partner or director of the Company's EA and IA is a member of the AC.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC approves the hiring, removal, evaluation and compensation of the IA. The IA function of the Group has currently been out-sourced to an external professional firm, Nexia TS Risk Advisory Pte. Ltd. ("**Nexia TS**").

The IA reports directly to the AC and has full access to documents, records, properties and personnel of the Company and the Group. The IA plans its internal audit schedules in consultation with the management and its plans are reviewed and approved by the AC. The results of the internal audit will be presented to and reviewed by the AC and the Board. The IA had conducted an annual review of the effectiveness of the Group's internal controls in FY2017.

The AC reviews the reports issued by the IA to ensure that the Group's internal controls including financial, operational, compliance and IT controls are robust and effective, and follows up with management and the IA in ensuring that the IA's recommendations agreed with management have been adequately and appropriately implemented. The AC also ensures that management provides good support to the IA, such as providing the IA with access to documents, records, properties and personnel when requested in order for them to carry out their function accordingly.

The IA reports directly to the AC on audit matters and performs its works in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC reviews and approves the annual internal audit plan as well as the IA reports and activities. The AC, having considered, amongst others, the reputation and track record of Nexia TS and the qualifications, experience and availability of resources and independence of the team at Nexia TS, is satisfied that the appointment of Nexia TS as IA is appropriate.

The AC, on an annual basis, assesses the effectiveness of the IA by examining the scope of the internal audit work, its independence and the IA's findings.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes in providing sufficient and regular information to its Shareholders and ensures that all of its Shareholders are treated equitably and the rights of all Shareholders are protected.

In this respect, the Board endeavours to provide clear, timely and fair disclosure of information about the Group's business developments and financial performance that could have a material impact on the price or value of the Company's shares.

Shareholders are informed of general meetings through notices published in the newspapers and the Company's announcements and press releases *via* SGXNET as well as through reports/circulars sent to all Shareholders. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

CORPORATE GOVERNANCE REPORT

All Shareholders are entitled to vote and shall be informed of the rules, including voting procedures, at the general meeting. The Constitution allows a Shareholder to appoint up to two (2) proxies to attend and vote instead of the Shareholder.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with the continuing disclosure obligations under the Catalist Rules, the Board informs Shareholders promptly of all major developments that may have a material impact on the Group. All of the Company's announcements are released *via* SGXNET, including the financial results, annual reports, distribution of notices, press releases, analyst briefings, presentations, announcements on acquisitions and other material developments. The Company does not practise selective disclosure of material information and price sensitive information is publicly released as soon as is practicable as required by the Catalist Rules.

General meetings are still the principal forum for dialogue with Shareholders. To promote a better understanding of Shareholders' views, the Board encourages Shareholders to participate during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and address Shareholders' concerns at general meetings. The Company is open to meetings with investors and analysts, and in conducting such meetings, is mindful to ensure fair disclosure.

The Company also communicates through its corporate website, http://www.sookeegroup.com, to provide Shareholders with access to the Group's corporate announcements, press releases, annual reports and corporate information. In addition, the Company has engaged the services of Financial PR Pte Ltd, as the Group's investor relations firm who will focus on facilitating all investor relations communications with Shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance. To enable Shareholders to contact the Company easily, the contact details of the investor relations firm are set out in the corporate information page of this Annual Report. The investor relations firm has procedures in place for responding to investors' queries as soon as applicable.

Currently, the Company does not have a fixed dividend policy. For FY2017, the Board has proposed a final cash dividend of 0.50 Singapore cents per ordinary share in the capital of the Company, representing approximately 37.9% of the Group's profit, net of tax for FY2017.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company supports active Shareholder participation at general meetings. If Shareholders are unable to attend the meetings, the Constitution allows for a Shareholder to appoint up to two (2) proxies to attend and vote in place of the Shareholder.

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings.

CORPORATE GOVERNANCE REPORT

The Chairman of the Board, the Board Committees and the CFO attend all general meetings to address issues raised by Shareholders. The EA is also invited to attend the AGM and is available to assist the Directors and the CFO in addressing any relevant queries by the Shareholders relating to the conduct of the audit and the preparation of the contents of the auditors' report.

The minutes of general meetings which include queries from Shareholders and responses from the Board will be made available to Shareholders upon written request.

To ensure that all Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will be conducted by poll where Shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted and announced.

DEALING IN SECURITIES

Rule 1204(19) of the Catalist Rules

The Group has adopted a policy whereby the Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information as well as during the period commencing one (1) month before the announcement of the Company's full year results and two (2) weeks before the announcement of the first, second and third quarter financial results until the said results announcement has been made. The Directors and employees of the Group are to refrain from dealing in the Company's securities on short-term considerations.

The Directors and employees of the Group are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and employees of the Group are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2017.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length commercial terms basis. Any Director, CEO and/or controlling Shareholder who is interested in a transaction will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction. The Group does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

However, pursuant to Rule 905 of the Catalist Rules, the aggregate value of interested person transactions entered into during FY2017 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during FY2017 (including transactions less than S$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Catalist Rules) S$'000
Purchases of pre-owned jewellery	
Moneymax Financial Services Ltd. and its subsidiaries (the "**MoneyMax Group**")	65
Sales of products	
MoneyMax Group	394
Sales of fixed assets	
MoneyMax Group	7
Central support services	
MoneyMax Group	199
Rental income	
MoneyMax Group	230
Rental expense	
Dato' Sri Dr. Lim Yong Guan	324
Total	**1,219**

MATERIAL CONTRACTS

Rule 1204(8) of the Catalist Rules

There are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling Shareholder either still subsisting as at 31 December 2017 or, if not then subsisting, entered into since 31 December 2017.

CORPORATE GOVERNANCE REPORT

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to contributing towards sustainable development and making a positive impact on local communities.

As part of the Group's community development efforts, the Group has participated in and supported the fundraising and charity projects of various local community organisations, including, the People's Association Community Centres/Clubs/ Building Fund and People's Action Party Community Foundation and Sian Chay Medical Institution, a charitable organisation registered with the Ministry of Health of Singapore which offers Traditional Chinese Medicine treatments and provides free medical care to the local community.

USE OF IPO PROCEEDS

Rule 1204(22) of the Catalist Rules

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S$31.6 million (the "**Net Proceeds**"). As announced by the Company on 13 June 2017, the Net Proceeds had been fully utilised as follows:

Purpose	Allocation of Net Proceeds after re-allocation as announced by the Company on 9 May 2017 (S$'000)	Net Proceeds utilised as at the date of this annual report (S$'000)	Balance of Net Proceeds as at the date of this annual report (S$'000)
Expansion of network of retail stores and introduction of new product lines	12,000	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	2,355	2,355	-
Working capital and general corporate purposes	14,209	14,209	-
	31,564	**31,564**	**-**

FINANCIAL STATEMENTS
CONTENTS

STATEMENT
BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

2. Directors

The directors of the Company in office at the date of this statement are:

Mr. Lim Yong Guan
Mr. Lim Yong Sheng
Mdm. Lim Liang Eng
Mr. Ang Miah Khiang
Mr. Low Chia Wing
Mr. Lye Hoong Yip, Raymond
Mr. Sim Eng Huat

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct Interest		Deemed Interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The company	Number of shares of no par value			
Lim Yong Guan	66,556,653	66,556,653	321,649,765	321,784,965
Lim Yong Sheng	57,421,427	57,421,427	319,496,765	319,631,965
Lim Liang Eng	6,525,155	6,525,155	319,496,765	319,631,965

By virtue of section 7 of the Act, the above directors with interests are deemed to have an interest in the Company and in all the related body corporate of the Company.

The directors' interests as at 21 January 2018 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options rights and other rights mentioned below.

5. Options

At an Extraordinary General Meeting held on 29 July 2015, shareholders approved the Soo Kee Group Performance Share Plan (the "PSP" or the "Plan") for granting of ordinary shares of the Company to directors (executive and non-executive) and selected full time employees. The Plan is administered by the Remuneration Committee. Since the commencement of the Plan till the end of the financial year, no share awards are granted and no new shares are issued under the grant of share awards under the Plan.

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Mr. Ang Miah Khiang	(Chairman of audit committee and independent and non-executive director)
Mr. Sim Eng Huat	(Independent and non-executive director)
Mr. Lye Hoong Yip, Raymond	(Independent and non-executive director)
Mr. Low Chia Wing	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

STATEMENT BY DIRECTORS

7. Report of audit committee (cont'd)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2017.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 28 February 2018, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

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

27 March 2018

INDEPENDENT AUDITOR'S REPORT
to the Members of SOO KEE GROUP LTD.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Soo Kee Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of inventories

Refer to Notes 2A and 2C for the relevant accounting policy and key estimates used in the valuation of inventory respectively and Note 19 for the breakdown of inventory for the reporting year end.

The carrying amount of inventories amounted to S$57,762,000 which accounted for approximately 41% of the Group's total assets as at the reporting year end. The cost of inventories may not be recoverable in full if those inventories become obsolete, or if their selling prices have declined. Management applies judgment in determining the appropriate allowance for inventories based upon a technical assessment of inventories concerned, considering future demand, future selling prices, rework cost and fluctuation of gold market prices and ageing analysis of inventories.

Our procedures include:
(i) comparing the carrying value to subsequent selling prices;
(ii) comparing the carrying value of a sample of products to the fair value assessed by gemologist;
(iii) assessing the independence, qualifications and competence of the gemologist;
(iv) reviewing the gold price index for the reporting year and comparing the average cost of gold items as at the reporting year end to the latest practicable market gold price subsequent to reporting year end;
(v) reviewing the assumptions used in computing the rework cost for aged products; and
(vi) assessing the adequacy of disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT
to the Members of SOO KEE GROUP LTD.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

to the Members of SOO KEE GROUP LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Derek How Beng Tiong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2018
Engagement partner - effective from year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2017

	Notes	Group 2017 $'000	Group 2016 $'000
Revenue	5	231,940	176,790
Other gains	6	1,875	1,307
Raw materials and consumables used		(170,829)	(114,309)
Employee benefits expense	7	(18,706)	(18,435)
Depreciation and amortisation expense		(4,052)	(4,230)
Other losses	6	(766)	(680)
Finance costs	8	(1,568)	(2,038)
Rental expense	30	(19,912)	(20,780)
Other expenses	9	(9,793)	(9,420)
Profit before tax from continuing operations		8,189	8,205
Income tax expense	10	(887)	(1,737)
Profit for the year		7,302	6,468
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		184	(144)
Other comprehensive income (loss) for the year, net of tax:		184	(144)
Total comprehensive income for the year		7,486	6,324
Profit attributable to owners of the parent, net of tax		7,407	6,463
(Loss) profit attributable to non-controlling interests, net of tax		(105)	5
Profit for the year		7,302	6,468
Total comprehensive income attributable to owners of the parent		7,591	6,319
Total comprehensive (loss) income attributable to Non-controlling interests		(105)	5
Total comprehensive income for the year		7,486	6,324
Earnings per share			
Earnings per share currency unit		**Cents**	**Cents**
Basic	12	1.32	1.15
Total		1.32	1.15

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

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	33,136	33,256	–	–
Intangible assets	14	276	807	–	–
Investment in subsidiaries	15	–	–	11,502	12,002
Investments in associate	16	2	2	–	–
Deferred tax assets	10	272	125	–	–
Other financial assets	17	30	30	–	–
Other assets (land use rights)	18	5,321	5,540	–	–
Total non-current assets		39,037	39,760	11,502	12,002
Current assets					
Inventories	19	57,762	59,644	–	–
Trade and other receivables	20	2,095	1,968	30,145	28,581
Other assets (land use rights)	18	219	219	–	–
Other assets	21	10,100	6,164	92	77
Income tax receivable		208	–	–	–
Cash and cash equivalents	22	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					
Equity attributable to owners of the parent					
Share capital	23	42,399	42,399	42,399	42,399
Retained earnings		16,580	11,986	5,627	4,748
Foreign currency translation reserve		(770)	(954)	–	–
Equity attributable to owners of the parent		58,209	53,431	48,026	47,147
Non-controlling interest		215	320	–	–
Total equity		58,424	53,751	48,026	47,147
Non-current liabilities					
Deferred tax liabilities	10	126	126	–	–
Other financial liabilities	24	29,419	33,296	–	–
Other liabilities	26	984	919	–	–
Total non-current liabilities		30,529	34,341	–	–
Current liabilities					
Income tax payable		1,399	2,230	121	44
Trade and other payables	25	13,859	18,433	640	1,065
Other financial liabilities	24	22,072	23,832	–	–
Derivatives financial liabilities	27	109	–	–	–
Other liabilities	26	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

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

STATEMENTS OF **CHANGES IN EQUITY**

Year Ended 31 December 2017

Group:	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Retained earnings $'000	Foreign currency translation reserves $'000	Non-controlling interests $'000
Current year:						
Opening balance at 1 January 2017	53,751	53,431	42,399	11,986	(954)	320
Changes in equity:						
Total comprehensive income for the year	7,486	7,591	–	7,407	184	(105)
Dividends paid (Note 11)	(2,813)	(2,813)	–	(2,813)	–	–
Closing balance at 31 December 2017	58,424	58,209	42,399	16,580	(770)	215
Previous year:						
Opening balance at 1 January 2016	49,925	49,925	42,399	8,336	(810)	–
Changes in equity:						
Total comprehensive income for the year	6,324	6,319	–	6,463	(144)	5
Dividends paid (Note 11)	(2,813)	(2,813)	–	(2,813)	–	–
Acquisition of subsidiary	315	–	–	–	–	315
Closing balance at 31 December 2016	53,751	53,431	42,399	11,986	(954)	320

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2017

Company	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 January 2017	47,147	42,399	4,748
Changes in equity:			
Total comprehensive income for the year	3,692	–	3,692
Dividend paid (Note 11)	(2,813)	–	(2,813)
Closing balance at 31 December 2017	48,026	42,399	5,627
Previous year:			
Opening balance at 1 January 2016	45,719	42,399	3,320
Changes in equity:			
Total comprehensive income for the year	4,241	–	4,241
Dividend paid (Note 11)	(2,813)	–	(2,813)
Closing balance at 31 December 2016	47,147	42,399	4,748

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2017

	Group	
	2017 $'000	2016 $'000
Cash flows from operating activities		
Profit before tax	8,189	8,205
Adjustment for:		
Depreciation of property, plant and equipment	3,802	3,980
Amortisation of land use rights	219	219
Amortisation of other intangible asset	31	31
Interest expense	1,568	2,038
Interest income	(74)	(277)
Loss on disposal of property, plant and equipment	157	39
Fair value loss on derivative financial instruments (Note 27)	109	–
Net effect of exchange rate changes in consolidating foreign operations	(191)	(39)
Operating cash flows before changes in working capital	13,810	14,196
Inventories	1,882	826
Trade and other receivables	(127)	294
Other assets	(3,936)	(307)
Trade and other payables	(4,074)	2,503
Other liabilities	11,764	1,711
NET CASH FLOWS FROM OPERATIONS	19,319	19,223
Income taxes paid	(1,711)	(1,622)
Net cash flows from operating activities	17,608	17,601
Cash flows from investing activities		
Disposal of property, plant and equipment	24	87
Purchase of property, plant and equipment (Note 13 and 22A)	(3,913)	(4,838)
Acquisition of a subsidiary (Note 28)	–	(300)
Interest received	74	277
Net cash flows used in investing activities	(3,815)	(4,774)
Cash flows from financing activities		
Increase (decrease) from new borrowings	1,000	(13,055)
(Decrease) increase in other financial liabilities	(2,927)	1,122
Finance lease repayments	(69)	(49)
Net movements in amounts due to directors	(3,641)	(2,532)
Interest paid	(1,568)	(2,038)
Dividends paid	(2,813)	(2,813)
Net cash flows used in financing activities	(10,018)	(19,365)
Net increase (decrease) in cash and cash equivalents	3,775	(6,538)
Cash and cash equivalents, statement of cash flows, beginning balance	27,488	34,026
Cash and cash equivalents, statement of cash flows, ending balance (Note 22)	31,263	27,488

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The Company is an investment holding company.

The Company is listed on the Catalist which is a shares market on Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the Notes to the financial statements below.

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

Accounting convention

The financial statements of the Company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

1. General (cont'd)

Basis of presentation (cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the equity accounted financial statements (economic interest financial statements), the accounting for investments in an associate is on the equity method. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income is recognised on a time-proportion basis using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The useful life of the property plant and equipment are as follows:

Leasehold property	-	Over the remaining lease terms of 329 months
Renovations	-	Over lease term of 3 to 5 years
Plant and Equipment	-	1 to 5 years

Property under construction is not depreciated as the asset is not yet available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 26 on non-current provisions.

Land use rights

Following initial recognition, land use right is measured at cost less accumulated amortisation and accumulated impairment losses. The land use right is amortised over the lease term of 329 months.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Customer lists	3 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Inventories

Inventories are measured at the lower of cost (specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories held by commodity broker-traders who measure their inventories at fair value less costs to sell are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Derivative instruments and hedging activities

The Group is exposed to market risks as part of its nature of business to trade in bullion products. The policy is to reduce the fluctuation of gold and silver spot prices through derivatives and other hedging instruments. From time to time, there may be arrangements or metals trading agreement or similar instruments entered into as hedges against changes in precious metal rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts are shown in Note 13.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include a technical assessment of inventories concerned, considering future demand, future selling prices, rework cost and fluctuation of gold market prices and ageing analysis of inventories. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 19.

Impairment of loans and receivables:

The Group assesses at the end of each financial period whether there is any objective evidence that a financial asset is impaired. This determination requires the Company to consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amounts of the loans and receivables at the end of the reporting year are disclosed in Note 20.

Income tax amounts:

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10.

Assessment of impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 14. Actual outcomes could vary from these estimates.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling parties are Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng.

3A. Members of a Group:

Name	Relationship	Country of incorporation
Soo Kee Capital Pte Ltd	Parent	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

Intragroup transactions and balances that have been eliminated in these combined financial statements are not disclosed as related party transactions and balances below.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees, no interest or charge is imposed unless stated otherwise.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Related parties	
	2017 $'000	2016 $'000
Revenue	394	1,370
Purchase of goods	65	5
Sales of property, plant and equipment	7	–
Rental income	230	192
Central support service income	199	199

	Directors	
	2017 $'000	2016 $'000
Interest expense	(565)	(732)
Rental expense	(324)	(324)

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

3C. Key management compensation:

	2017 $'000	2016 $'000
Salaries and other short-term employee benefits	2,522	2,458

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

	2017 $'000	2016 $'000
Remuneration of directors of the Company	1,223	1,222
Fees to directors of the Company	465	465

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

3D. Other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Directors	
	2017 $'000	2016 $'000
Other payables:		
Balance at beginning of year	(14,568)	(17,100)
Interest expense	(565)	(732)
Repayments	4,206	3,264
Balance at end of the year (Note 24B)	(10,927)	(14,568)

3E. Commitments and contingencies:

Bank loans of $39,200,576 (2016: $41,127,156) to subsidiaries are guaranteed by the Company. The loans are repayable by January 2034. No charge is made for the financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management monitoring and financial purposes, the Group is organised into two major operating segments, namely:

i) Retail and trading of jewellery; and
ii) Retail and trading of bullion products.

Others operations include provision of other support services.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly provision for taxation, deferred tax liabilities and deferred tax assets.

Capital expenditure comprises additions to plant and equipment

4B. Profit or loss from continuing operations and reconciliations

	Jewellery $'000	Bullion $'000	Others $'000	Elimination $'000	Group $'000
Continuing operations 2017					
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
Recurring EBITDA					
Segment results	9,188	(322)	891	–	9,757
Finance costs	(1,568)	–	–	–	(1,568)
Profit before tax from continuing operations	7,620	(322)	891	–	8,189
Income tax expense	(1,168)	–	281	–	(887)
Profit from continuing operations	6,452	(322)	1,172	–	7,302

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

4B. Profit or loss from continuing operations and reconciliations (cont'd)

	Jewellery $'000	Bullion $'000	Others $'000	Elimination $'000	Group $'000
Continuing operations 2016					
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
Recurring EBITDA					
Segment results	9,454	15	774	–	10,243
Finance costs	(2,038)	–	–	–	(2,038)
Profit before tax from continuing operations	7,416	15	774	–	8,205
Income tax expense	(1,925)	–	188	–	(1,737)
Profit from continuing operations	5,491	15	962	–	6,468

4C. Assets and reconciliations

	Jewellery $'000	Bullion $'000	Others $'000	Group $'000
2017				
Total assets for reportable segments	113,237	19,919	7,048	140,204
Unallocated assets:				480
Total group assets				140,684
2016				
Total assets for reportable segments	118,006	9,515	7,597	135,118
Unallocated assets:				125
				135,243

4D. Liabilities and reconciliations

	Jewellery $'000	Bullion $'000	Others $'000	Group $'000
2017				
Total Liabilities for reportable segments	61,439	19,187	–	80,626
Unallocated liabilities:				1,634
Total group liabilities				82,260
Capital expenditure	3,882	31	–	3,913
Depreciation and amortisation	3,944	108	–	4,052
Loss on disposal of plant and equipment net	157	–	–	157

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

4D. Liabilities and reconciliations (cont'd)

	Jewellery $'000	Bullion $'000	Others $'000	Group $'000
2016				
Total Liabilities for reportable segments	73,458	5,678		79,136
Unallocated liabilities:				2,356
Total group liabilities				81,492
Capital expenditure	4,715	281	–	4,996
Depreciation and amortisation	4,210	20	–	4,230
Inventories write down	27	–		27
Loss on disposal of plant and equipment net	39	–	–	39

4E. Geographical information

	Revenue		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	212,280	159,765	37,927	39,029
Malaysia	19,660	17,025	838	606
Total	231,940	176,790	38,765	39,635

Revenues are attributed 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.

4F. Information about major customers

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

5. Revenue

	Group	
	2017 $'000	2016 $'000
Sale of goods	231,866	176,513
Interest income	74	277
Total revenue	231,940	176,790

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

6. Other gains and (other losses)

	Group	
	2017 $'000	2016 $'000
Central support service income	199	199
Foreign exchange adjustments gain/(losses)	556	(614)
Government grants	180	802
Inventories written down	–	(27)
Goodwill write off	(500)	–
Reversal of contingent consideration for business combination	500	–
Loss on disposal of plant and equipment, net	(157)	(39)
Fair value loss on derivative financial instruments	(109)	–
Rental income (Note 31)	341	244
Miscellaneous income	99	62
Net	1,109	627
Presented in profit or loss as:		
Other gains	1,875	1,307
Other losses	(766)	(680)
Net	1,109	627

7. Employee benefits expense

	Group	
	2017 $'000	2016 $'000
Short term employee benefits expense	17,149	16,875
Contributions to defined contribution plan	1,557	1,560
Total employee benefits expense	18,706	18,435

8. Finance costs

	Group	
	2017 $'000	2016 $'000
Interest expense	1,568	2,038

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

9. Other expenses

The major components and other selected components include the following:

	2017 $'000	2016 $'000
Advertisement	1,856	1,626
Credit cards and nets commission	1,389	1,322
Promotion and display	1,820	1,397
Audit fees to the independent auditor of the Company	171	166
Audit fees to the other independent auditor	27	28
Other fees to the other independent auditor	43	38
Other fees to the independent auditor of the Company	10	35

10. Income tax

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

	2017 $'000	2016 $'000
Current tax expense:		
Current tax expense	1,914	1,884
Over adjustments in respect of prior periods	(880)	(134)
Sub-total	1,034	1,750
Deferred tax income:		
Deferred tax (income) expense	(147)	15
Over adjustments in respect of prior periods	–	(28)
Subtotal	(147)	(13)
Total income tax expense	887	1,737

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2016: 17.0%) to profit or loss before income tax as a result of the following differences:

	2017 $'000	2016 $'000
Profit before tax	8,189	8,205
Income tax expense at the above rate	1,392	1,395
Expenses not deductible for tax purposes	459	587
Tax exemptions	(108)	(138)
Enhanced allowance	(64)	(30)
Over adjustments in tax in respect of prior periods	(880)	(162)
Effect of different tax rate in different countries	136	56
Other minor items less than 3% each	(48)	29
Total income tax expense	887	1,737

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

10. Income tax (cont'd)

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

	2017 $'000	2016 $'000
Excess of tax over book depreciation on plant and equipment	74	(62)
Excess of book over tax depreciation on plant and equipment	–	47
Provisions	89	38
Tax loss carryforwards	(9)	2
Others	(7)	(12)
Total deferred income tax income recognised in profit or loss	147	13

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

	2017 $'000	2016 $'000
From deferred tax assets (liabilities) recognised in profit or loss:		
Excess of tax over book depreciation on plant and equipment	74	–
Excess of book over tax depreciation on plant and equipment	(110)	(110)
Provisions	204	115
Tax loss carryforwards	–	9
Others	(22)	(15)
Net balance	146	(1)

Presented in the statement of financial position as follows:

	2017 $'000	2016 $'000
Deferred tax assets	272	125
Deferred tax liabilities	(126)	(126)
Net balance	146	(1)

It is impracticable to estimate the amount expected to be settled or used within one year.

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

11. Dividends on equity shares

	Rate per share (cents)			
	2017 $	2016 $	2017 $'000	2016 $'000
Final tax exempt (1-tier) dividend paid	0.50	0.50	2,813	2,813
Total dividends paid in the year			2,813	2,813

In respect of the current reporting year, the directors have proposed that a final dividend of 0.50 cents per share with a total of $2,812,500 be paid to shareholders after the annual general meeting to be held on 30 April 2018. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

12. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	2017 $'000	2016 $'000
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	7,407	6,463
B. Total basic earnings	7,407	6,463
C. Denominators: weighted average number of equity shares	No: '000	No: '000
D. Basic	562,500	562,500

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

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

13. Property, plant and equipment

	Leasehold property $'000	Renovations $'000	Plant and equipment $'000	Total $'000
Group				
Cost:				
At beginning of year 1 January 2016	27,342	8,179	8,045	43,566
Additions	795	1,283	2,918	4,996
Disposals	–	(1,152)	(814)	(1,966)
Foreign exchange adjustments	–	(63)	(17)	(80)
At end of year 31 December 2016	28,137	8,247	10,132	46,516
Additions	1,017	1,443	1,453	3,913
Reclassification	–	(83)	83	–
Disposals	–	(1,047)	(555)	(1,602)
Foreign exchange adjustments	–	68	14	82
At end of year 31 December 2017	29,154	8,628	11,127	48,909
Accumulated depreciation:				
At beginning of year 1 January 2016	179	6,712	4,301	11,192
Depreciation for the year	1,116	1,146	1,718	3,980
Disposals	–	(1,134)	(706)	(1,840)
Foreign exchange adjustments	–	(58)	(14)	(72)
At end of year 31 December 2016	1,295	6,666	5,299	13,260
Depreciation for the year	1,165	1,128	1,509	3,802
Reclassification	–	(57)	57	–
Disposals	–	(1,016)	(342)	(1,358)
Foreign exchange adjustments	–	59	10	69
At end of year 31 December 2017	2,460	6,780	6,533	15,773
Carrying value:				
At 1 January 2016	27,163	1,467	3,744	32,374
At 31 December 2016	26,842	1,581	4,833	33,256
At 31 December 2017	26,694	1,848	4,594	33,136

Certain items are under finance lease agreements (See Note 24).

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

	2017	2016
Capitalisation rates	1.45% to 2.35%	1.45% to 2.35%
	$'000	$'000
Accumulated interest capitalised included in the cost total	300	300

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

14. Intangible assets

	Group	
	2017 $'000	2016 $'000
Goodwill (Note 14A)	247	747
Other intangible asset (Note 14B)	29	60
Total	276	807

14A. Goodwill

	Group	
	2017 $'000	2016 $'000
Cost:		
Balance at beginning of the year	747	–
Arising from acquisition of subsidiary (Note 28)	–	747
Write off	(500)	–
Balance at end of the year	247	747

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The CGU represents the Group's investment in SK Bullion Pte. Ltd.

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the value in use method as appropriate for the separate CGUs.

No further impairment allowance was recognised because the carrying amount of all cash-generating units was lower than their estimated recoverable amount.

The value in use was measured by managements. The key assumptions for the value in use calculations are as follows. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

SK Bullion Pte Ltd
Valuation techniques and Unobservable inputs

Discounted cash flow method	2017
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU	12.6%
Gross profit margin	0.8% to 1.0%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

14. Intangible assets (cont'd)

14B. Other intangible asset

Group:	Customer lists $'000	Total $'000
Cost:		
At 1 January 2016	–	–
Additions through business combination (Note 28)	91	91
At 31 December 2016 and 31 December 2017	91	91
Accumulated amortisation:		
At 1 January 2016	–	–
Amortisation for the year	31	31
At 31 December 2016	31	31
Amortisation for the year	31	31
At 31 December 2017	62	62
Net Book Value:		
At 1 January 2016	–	–
At 31 December 2016	60	60
At 31 December 2017	29	29

15. Investment in subsidiaries

	Company	
	2017 $'000	2016 $'000
Movements during the year. At cost:		
Balance at beginning of the year	12,002	10,210
Addition	–	1,500
Reversal of contingent consideration	(500)	–
Acquisition of additional share capital issued by subsidiaries	–	292
Cost at the end of the year	11,502	12,002
Carrying value in the books of the Company comprising:		
Unquoted equity shares at cost	11,502	12,002

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

15. Investment in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Company		Percentage of equity held by the Group any	
	2017 $'000	2016 $'000	2017 %	2016 %
SKJ Group Pte Ltd [a] Singapore Retail sale of jewellery, watches and luxury goods	2,853	2,853	100	100
SK Jewellery Pte Ltd [a] Singapore Retail sale of jewellery, watches and luxury goods	3,821	3,821	100	100
Love & Co Pte Ltd [a] Singapore Retail sale of jewellery, watches and luxury goods	1,322	1,322	100	100
SK Bullion Pte Ltd [a] Singapore Wholesale and retail sales of bullion products	1,000	1,500	70	70
Love & Co International Pte Ltd [b] (incorporated on 20 February 2017) Singapore Investment holding company	–+	–	100	–
Institution of Advanced Gemology Pte Ltd [b] Singapore Dormant	–+	–+	100	100
SK Jewellery Sdn Bhd [c] Malaysia Retail sale of jewellery, watches and luxury goods	888	888	100	100
Love & Co Sdn Bhd [c] Malaysia Retail sale of jewellery, watches and luxury goods	1,618	1,618	100	100

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

15. Investment in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Company		Percentage of equity held by the Group any	
	2017 $'000	2016 $'000	2017 %	2016 %
SK Jewellery (Hong Kong) Ltd [b] Hong Kong Logistics and distribution management	–+	–+	100	100

Note: + Amount less than S$1,000
(a) Audited by RSM Chio Lim LLP in Singapore, a member firm of RSM International.
(b) Not audited as it was dormant and inactive.
(c) Audited by RSM Malaysia, a member of RSM International of which RSM Chio Lim LLP in Singapore is a member.

16. Investments in associate

	Group	
	2017 $'000	2016 $'000
Movements in carrying value:		
Balance at beginning and end of the year	2	2

Name of associate, country of incorporation, place of operations and principal activities and (independent auditor)	Cost in book Group		Percentage of equity held by the Group	
	2017 $'000	2016 $'000	2017 %	2016 %
Held by SKJ Group Pte. Ltd.				
Jewelfest Pte. Ltd. [a] [b] Singapore Business of events organisers and jewellery (K Y Chik & Associates. Singapore)	2	2	20	20

(a) Not equity accounted as it is not material.
(b) Other independent auditors. Audited by firms of accountants other than members firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. The name is indicated above.

The associate is considered not material to the reporting entity. The summarised financial information of the non-material associate and the aggregate amount (and not the reporting entity's share of those amount) based on the financial statements of the associate is as follows:

	2017 $	2016 $
Aggregate for the non-material associate:		
Loss for the year	(3,713)	(93,937)
Net liabilities of the associate	(61,469)	(56,156)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

17. Other financial assets

	Group	
	2017 $'000	2016 $'000
Unquoted equity shares in corporation at cost	30	30

The investment is carried at cost.

18. Other assets (land use rights)

	Group	
	2017 $'000	2016 $'000
Costs:		
At beginning and at end of the year	6,015	6,015
Accumulated amortisation:		
At beginning of the year	256	37
Amortisation for the year included under depreciation and amortisation expense	219	219
At the end of the year	475	256
Balance to be amortised:		
Not later than one year	219	219
Later than one year and not later than five years	878	878
Later than five years	4,443	4,662
	5,540	5,759

On 1 April 2013, a wholly owned subsidiary was given a license (i.e. land use rights) to develop and use the land for their office building located at Changi Business Park. The period for the rights to use the land is 30 years. The entire premium of $6,014,557 was paid in advance in 2013.

The land use rights is amortised over the remaining lease period of 329 months commencing November 2015 (upon the completion of the office building) on the straight line method.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

19. Inventories

	Group	
	2017 $'000	2016 $'000
Finished goods (a)	54,976	57,300
Raw materials	2,786	2,344
	57,762	59,644

(a) $5,844,000 (2016: Nil) of the inventories are held as commodity products and are measured at fair value less cost to sell.

Inventories are stated after allowance. Movement in allowance:		
Balance at beginning of the year	598	181
Charged to profit or loss included in raw materials and consumables used	12	417
Balance at end of the year	610	598

	Group	
	2017 $'000	2016 $'000
Raw materials and consumables used	168,505	114,269
Changes in inventories of finished goods decrease	2,324	40

There are no inventories pledged as security for liabilities.

20. Trade and other receivables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables:				
Outside parties	1,905	1,803	–	–
Net trade receivables – subtotal	1,905	1,803	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	30,124	28,581
Other receivables	190	165	21	–
Net other receivables – subtotal	190	165	30,145	28,581
Total trade and other receivables	2,095	1,968	30,145	28,581

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

21. Other assets

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deposits to secure services	8,239	5,192	–	–
Prepayments	1,861	972	92	77
	10,100	6,164	92	77

22. Cash and cash equivalents

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not restricted in use	31,263	27,488	7,048	7,596

The interest earning balances are not significant.

22A. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of Nil (2016: $100,000) acquired by means of finance leases.

23. Share capital

Group and Company	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at beginning of the year 1 January 2016	562,500	42,399
Balance at end of the year 31 December 2016 and 2017	562,500	42,399

The Company is not subject to any externally imposed capital requirement.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

23. Share capital (cont'd)

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

	2017 $'000	2016 $'000
Net debt:		
All current and non-current borrowings including finance leases	51,491	57,128
Less cash and cash equivalents	(31,263)	(27,488)
Net debt	20,228	29,640
Capital:		
Total equity	58,424	53,751
Debt-to-capital ratio	34.6%	55.1%

The favourable change as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily due to repayment of debts.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

24. Other financial liabilities

	Group	
	2017 $'000	2016 $'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 24A)	22,127	22,335
Financial instruments with fixed interest rates:		
Directors' loans (unsecured) (Note 24B)	7,172	10,781
Finance leases (Note 24D)	120	180
Total non-current portion	29,419	33,296
Current:		
Financial instruments with floating interest rates:		
Bank loans (secured) (Note 24A)	17,073	18,792
Financial instruments with fixed interest rates:		
Directors' loans (unsecured) (Note 24B)	3,755	3,787
Loan from non-controlling interest (unsecured) (Note 24C)	1,200	1,200
Finance leases (Note 24D)	44	53
Total current portion	22,072	23,832
Total non-current and current	51,491	57,128

	Group	
	2017 $'000	2016 $'000
The non-current portion is repayable as follows:		
Due within 2 to 5 years	11,774	16,482
After 5 years	17,645	16,814
	29,419	33,296

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

	Group	
	2017 %	2016 %
Bank loans (secured)	2.04% - 3.76%	1.97% - 3.37%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

24. Other financial liabilities (cont'd)

24A. Bank loans (secured)

	Group	
	2017 $'000	2016 $'000
Short term loans	16,942	18,596
Term loan A	3,681	3,884
Term loan B	18,577	18,647
	39,200	41,127

(i) Short term loans are revolving short term bank loan maturing in 2018. The loans are secured by corporate guarantees from the Company.

(ii) Term loan A is repayable by 240 equal monthly instalments from July 2013. The loan was used to finance the acquisition of a land use right (Note 18). Refer to part (iii) for security.

(iii) Term loan B is used to finance the construction of a building (Note 13) on the land indicated in (ii). It is repayable by 240 equal monthly instalments upon the issuance of temporary occupancy permit for the building in September 2015. In 2014, as part of the revised agreement with the bank, term loans A and B, were collectively secured by a legal mortgage and assignment of rental proceeds over the land and building (the "property") of the Group (upon completion of construction) and a corporate guarantee from the Company.

The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

24B. Directors' loans

	Group	
	2017 $'000	2016 $'000
Movements during the year:		
Balance at beginning of the year	14,568	17,100
Interest charged	565	732
Repayment	(4,206)	(3,264)
Balance at end of the year	10,927	14,568

The loan payable agreement provides that it is unsecured, with fixed interest of 4.65% (2016: 4.65%) per annum and is expected to be settled by equal quarterly instalments over 5 years from December 2015. The loan is carried at amortised cost using the effective interest method over 5 years. The carrying amount is a reasonable approximation of fair value (Level 3).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

24. Other financial liabilities (cont'd)

24C. Loan from non-controlling interest

	Group	
	2017 $'000	2016 $'000
Movements during the year:		
Balance at beginning of the year	1,200	–
Additions at cost	–	1,200
Balance at end of the year	1,200	1,200

The loan payable agreement provides that it is unsecured, with zero rate of interest and repayable on demand. The carrying amount is a reasonable approximation of fair value (Level 3).

24D. Finance leases

2017	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	54	(10)	44
Due within 2 to 5 years	130	(10)	120
Total	184	(20)	164
Net book value of plant and equipment under finance leases			465

2016	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	62	(9)	53
Due within 2 to 5 years	192	(12)	180
Total	254	(21)	233
Net book value of plant and equipment under finance leases			646

There are leases for certain of its plant and equipment under finance leases. The average lease term is 2 to 5 years. The range of interest for finance lease is about 2.43% - 4.48% (2016: 2.43% - 4.48%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amounts of the lease liabilities approximate the fair value (Level 2).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

25. Trade and other payables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables:				
Outside parties and accrued liabilities	12,378	15,345	459	541
Trade payables – subtotal	12,378	15,345	459	541
Other payables:				
Outside parties	1,481	2,588	174	24
Subsidiaries	–	–	7	–
Contingent consideration (Note 28)	–	500	–	500
Other payables – subtotal	1,481	3,088	181	524
Total trade and other payables	13,859	18,433	640	1,065

26. Other liabilities

	Group	
	2017 $'000	2016 $'000
Other liabilities, non-current:		
Deferred rent	125	123
Provision for restoration costs (1)	859	796
Total	984	919
Other liabilities, current:		
Deposits(2)	14,292	2,656
Total	15,276	3,575
Movements in provision for restoration cost:		
At beginning of the year	796	845
Additions	162	58
Used	(103)	(105)
Foreign exchange adjustments	4	(2)
At end of the year	859	796

(1) The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased property. The estimate is based on quotations from external contractor. The unexpired term ranges from 1 to 5 years. The unwinding of discount is not significant.

(2) Included in the above amount is $14,288,000 (2016: $2,652,000) of customers deposit placed with the group for the purchase of goods or customisation of products.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

27. Derivatives financial instruments

	Group 2017 $'000
Liabilities – Contracts with negative fair values:	
Derivatives not designated as hedging instruments:	
Precious metals trading contracts	109
Total	109

The Group enters into precious metals trading contracts to reduce the impact of changes in the movement of prices for precious metal. While the precious metals trading contracts provide hedging effects as required by the Group's risk management policy, the derivatives do not meet the criteria for hedging accounting under the specific rules in FRS 39 – Financial Instruments: Recognition and Measurement. Fair value changes on these derivatives are recognised in profit or loss when the changes arised.

27A. Precious metals trading contracts

Group	Quantity Oz	Principal $'000	Fair value $'000
2017			
Gold	(724)	(943)	(842)
Silver	25,796	1,762	951
Net fair value loss			109

The fair value (Level 2) of the precious metals trading contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year.

28. Acquisition of subsidiary

Acquisition of SK Bullion Pte. Ltd.

On 15 April 2016, the Group acquired 70% in SK Bullion Pte. Ltd. for a total consideration of $800,000 and from that date the Group gained control. It became a subsidiary (also see Note 15 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

The consideration transferred is as follows:

	2016 $'000
Cash paid	300
Contingent liability payable consideration #a	500
Total consideration transferred	800

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

28. Acquisition of subsidiary (cont'd)

#a. This is for the contingent consideration arrangements with the vendor. Should the aggregated net profit after tax of SK Bullion Pte Ltd exceed $1,200,000 at anytime within 3 financial years from the completion date the additional payment expected is $500,000 (undiscounted). The above liability amount recognised is the measured fair value (Level 3) of this arrangement at the acquisition date. Subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period of not more than twelve months about the fair value at the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss. No adjustment is required for contingent consideration classified as equity.

Management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.

	Fair values used 2016 $'000
Net assets acquired:	
Customer lists	91
Deferred tax	(15)
Net assets	76

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows

	2016 $'000
Consideration transferred (see above table)	800
Non-controlling interests at fair value	23
Fair value of identifiable net assets acquired	(76)
Goodwill arising on acquisition	747

The non-controlling interest of 30% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in 2016 and for the reporting year 2016 $'000
Revenue	44,034
Profit before tax	15

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

29. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2017 $'000	2016 $'000
Investment in joint venture [1]	492	–
Commitments to purchase of property, plant and equipment	–	2,282

[1] On 7 July 2017, the Group entered into joint venture agreement with Aurora Design Co., Ltd. to set up a company, LVC (Thailand) Co., Ltd (LVC) for a cash consideration of S$492,000 (approximately THB 12 million). As at year ended 31 December 2017, the Group has not injected any capital to LVC.

30. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2017 $'000	2016 $'000
Not later than one year	16,609	13,450
Later than one year and not later than five years	13,963	10,273
Rental expense for the year	19,912	20,780
Contingent rents recognised as expense	798	1,040

Operating lease payments are for rentals payable for warehouse, office and retail outlets. The lease terms are for an average of one to five years, contain an escalation clause and does not provide for contingent rentals based on a percentage of sales derived. Contingent rental is not included here as it is currently not determinable.

31. Operating lease payment commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2017 $'000	2016 $'000
Not later than one year	990	200
Later than one year and not later than five years	1,301	–
Rental income for the year	341	244

Operating lease income commitments are for an office. The lease rental income terms are negotiated for an average term of one year and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

32. Financial instruments: information on financial risks

32A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets:				
Cash and cash equivalents	31,263	27,488	7,048	7,596
Loan and receivables	2,095	1,968	30,145	28,581
At end of the year	33,358	29,456	37,193	36,177
Financial liabilities:				
Trade and other payables measured at amortised cost	13,859	18,433	640	1,065
Derivatives financial instruments at fair value	109	–	–	–
Other financial liabilities measured at amortised costs	51,491	57,128	–	–
At end of the year	65,459	75,561	640	1,065

Further quantitative disclosures are included throughout these financial statements.

32B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief financial officer who monitors the procedures reports to the board.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

32C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

32D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on debtors an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with debtors is controlled by setting limits on the exposure to individual debtors and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on debtors, as the exposure is spread over a large number of counter-parties and customers.

Due to the nature of the business, all trade receivables as at end of the reporting years are aged less than 30 days. The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Note 22 discloses the maturity of the cash and cash equivalents balances.

There are no receivables that are past due or impaired at the end of the reporting year.

Other receivables are normally with no fixed terms and therefore there is no maturity.

32E Liquidity risk – financial liabilities maturity analysis

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

Non-derivative financial liabilities:	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2017:					
Gross borrowings commitments	22,811	12,078	2,717	18,449	56,055
Gross finance lease obligations	54	130	–	–	184
Trade and other payables	13,859	–	–	–	13,859
At end of year	36,724	12,208	2,717	18,449	70,098

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

32E Liquidity risk – financial liabilities maturity analysis (cont'd)

Non–derivative financial liabilities:	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2016:					
Gross borrowings commitments	24,447	13,343	5,838	20,009	63,637
Gross finance lease obligations	62	124	68	–	254
Trade and other payables	18,433	–	–	–	18,433
At end of year	42,942	13,467	5,906	20,009	82,324

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Derivative financial liabilities:	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2017:					
Gross settled:					
Precious metals trading arrangement	819	–	–	–	819
At end of the year	819	–	–	–	819

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 120 days (2016: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be are available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

32E Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Over 5 years $'000	Total $'000
2017:					
Financial guarantee contracts – in favour of subsidiaries (Note 3)	18,078	3,405	2,270	15,447	39,200
2016:					
Financial guarantee contracts – in favour of a subsidiary (Note 3)	18,726	3,261	2,261	16,879	41,127

Bank Facilities:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Bankers' guarantees in favour of landlord	1,076	840	–	–
Bankers' guarantees in favour of subsidiaries	–	–	39,200	41,127
Undrawn borrowing facilities	1,057	6,593	–	–

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

32F Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group	
	2017 $'000	2016 $'000
Financial liabilities with interest:		
Fixed rate	11,091	14,801
Floating rate	39,200	41,127
Total at end of the year	50,291	55,928

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

32F Interest rate risk (cont'd)

Sensitivity analysis:

	Group	
	2017 $'000	2016 $'000
Financial liabilities:		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an impact in pre-tax profit for the reporting year by	392	411

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

32G Foreign currency risks

2017	US Dollar $'000	Japanese Yen $'000	Chinese RMB $'000	Hong Kong Dollar $'000	Total $'000
Financial liabilities:					
Trade and other payables	5,966	166	547	210	6,889
Total financial liabilities	5,966	166	547	210	6,889
2016					
Financial liabilities:					
Trade and other payables	7,933	356	1,246	336	9,871
Total financial liabilities	7,933	356	1,246	336	9,871

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

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

32G Foreign currency risks (cont'd)

Sensitivity analysis:

	Group	
	2017 $'000	2016 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US Dollar with all other variables held constant would have a favourable effect on post-tax profit of	597	793
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Japanese Yen with all other variables held constant would have a favourable effect on post-tax profit of	17	36
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Chinese RMB with all other variables held constant would have a favourable effect on post-tax profit of	55	125
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Hong Kong Dollar with all other variables held constant would have a favourable effect on post-tax profit of	21	34

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

33. Events after the end of the reporting year

On 19 July 2017, the Group and Global Crown Group Holding Limited entered into a memorandum of understanding (MOU) for a proposed joint venture agreement. However, on 17 January 2018, both parties mutually agreed to terminate the joint venture agreement.

Further to the termination of the above proposed joint venture, the Group entered into a sales and purchase agreement with Global Crown (Hong Kong) Enterprise Limited to acquire 100% of issued and paid up share capital of Diamond Avenue Investment Ltd for a consideration of S$18,000.00 (approximately HK$104,858.00).

Diamond Avenue Investment Ltd is currently dormant and had net tangible assets of approximately HK$1.23 million as at date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

34. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses

35. New or amended standards in issue but not yet effective

Companies listed on the Singapore Exchange ("SGX") currently reporting under SFRSs are required to comply with new Singapore Financial Reporting Standards (International) SFRS(I)s (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("IFRS") (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on or after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and / or financial performance of the entity.

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipates that SFRS(1) 16 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the leases.

As disclosed in note 30, the Group's future minimum lease payments under non-cancellable operating leases for its outlets amounted to $30,572,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once SFRS(I) 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

STATISTICS OF SHAREHOLDINGS

As at 13 March 2018

Number of shares issued	:	562,500,000
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	1 vote for each ordinary share
Number of treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	--	--	--	--
100 – 1,000	119	8.12	110,500	0.02
1,001 – 10,000	823	56.14	4,617,300	0.82
10,001 – 1,000,000	502	34.24	44,039,300	7.83
1,000,001 and above	22	1.50	513,732,900	91.33
Total	1,466	100.00	562,500,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 13 March 2018, approximately 17.01% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Soo Kee Capital Pte Ltd	326,631,965	58.07
2	Lim Yong Guan	66,556,653	11.83
3	Lim Yong Sheng	57,421,427	10.21
4	CGS-CIMB Securities (S) Pte Ltd	17,720,000	3.15
5	Lim Liang Eng	6,525,155	1.16
6	Lim Hock Chee	3,449,600	0.61
7	Equigold Pte Ltd	3,311,600	0.59
8	Tan Yong Jin	2,937,000	0.52
9	Tuah Pei Koon	2,829,100	0.50
10	Lim Lai Hiang Delphine	2,800,000	0.50
11	Toh Soon Huat	2,711,900	0.48
12	Chan Kian Kuan	2,360,000	0.42
13	Tan Yang Hong	2,153,000	0.38
14	Lim Liang Cheng	2,138,000	0.38
15	Lim Liang Keng	2,138,000	0.38
16	Lim Liang Soh	2,138,000	0.38
17	Lim Soon Hwee (Lin Shunhui)	2,116,800	0.38
18	Kang Puay Seng	1,940,000	0.35
19	Lew Tuan Tat	1,800,000	0.32
20	DBSN Services Pte Ltd	1,451,000	0.26
	Total	511,129,200	90.87

STATISTICS OF SHAREHOLDINGS

As at 13 March 2018

SUBSTANTIAL SHAREHOLDERS

as recorded in the Register of Substantial Shareholders

Name of shareholders	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Soo Kee Capital Pte Ltd(1)	326,631,965	58.1	-	-
Lim Yong Guan(2), (3), (4)	66,556,653	11.8	328,784,965	58.5
Lim Yong Sheng(2), (3)	57,421,427	10.2	326,631,965	58.1
Lim Liang Eng(2), (3)	6,525,155	1.2	326,631,965	58.1

Notes:

(1) Soo Kee Capital Pte Ltd is an investment holding company. All of its equity interest is collectively held by Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng.

(2) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng are siblings.

(3) Lim Yong Guan, Lim Yong Sheng and Lim Liang Eng are entitled to exercise all the votes attached to the voting shares in Soo Kee Capital Pte Ltd. As such, pursuant to Section 4 of the Securities and Futures Act, each of them is deemed to be interested in the shares which Soo Kee Capital Pte Ltd holds in the Company.

(4) Lim Yong Guan is deemed to be interested in the 2,153,000 shares held by his spouse, Tan Yang Hong, by virtue of section 133(4) of the Securities and Futures Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Soo Kee Group Ltd (the "**Company**") will be held at 7 Changi Business Park Vista, #01-01, Singapore 486042 on Monday, 30 April 2018 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2017 ("**FY2017**") together with the Independent Auditors' Report thereon. — Resolution 1

2. To declare a first and final tax exempt (one-tier) dividend of 0.50 Singapore cents per ordinary share in the share capital of the Company ("**Share**") for FY2017. — Resolution 2

3. To re-elect Mdm. Lim Liang Eng who is retiring in accordance with Article 89 of the constitution of the Company ("**Constitution**"), as a director of the Company ("**Director**"). — Resolution 3

4. To re-elect Mr. Ang Miah Khiang who is retiring in accordance with Article 89 of the Constitution, as a Director. — Resolution 4

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

5. To re-elect Mr. Low Chia Wing who is retiring in accordance with Article 89 of the Constitution, as a Director. — Resolution 5

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

   The profiles of the above-mentioned Directors can be found under the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report 2017.

6. To approve the Directors' fees of S$465,000 for the financial year ending 31 December 2018, payable quarterly in arrears. — Resolution 6

7. To re-appoint Messrs RSM Chio Lim LLP as the Independent Auditors of the Company and to authorise the Directors to fix their remuneration. — Resolution 7

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. **Authority to allot and issue Shares** — Resolution 8

   That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to allot and issue Shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

   (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed 100% of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:-

      (a) new Shares arising from the conversion or exercise of any convertible securities;

      (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

      (c) any subsequent bonus issue, consolidation or sub-division of Shares

   (iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

   [See Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to allot and issue Shares under the Soo Kee Group Performance Share Plan** Resolution 9

That approval be and is hereby given to the Directors to:

(a) offer and grant awards in accordance with the provisions of the Soo Kee Group Performance Share Plan (the "**Plan**"); and

(b) allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of Shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the total number of issued Shares from time to time.

[See Explanatory Note (ii)]

10. To transact any other business which may be properly transacted at an AGM.

Explanatory Notes:

(i) The proposed Resolution 8, if passed, will empower the Directors from the date of the above AGM of the Company until the date of the next AGM of the Company, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company.

(ii) The proposed Resolution 9, if passed, will empower the Directors to offer and grant awards and to issue and allot Shares pursuant to the Plan. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of Shares which may be issued pursuant to the Plan is limited to 15% of the total number of issued Shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to shareholders' approval for the proposed first and final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share ("**Share**") in the capital of Soo Kee Group Ltd. (the "**Company**") for the financial year ended 31 December 2017 ("**Proposed First and Final Dividend**") at the forthcoming Annual General Meeting ("**AGM**") of the Company to be held on 30 April 2018, the Share Transfer Books and Register of Members of the Company will be closed on 14 May 2018 for the purpose of determining members' entitlements to the Proposed First and Final Dividend .

Duly completed registrable transfers in respect of the Shares received up to the close of business at 5.00 p.m. on 11 May 2018 by the Company's Share Registrar, B.A.C.S Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, will be registered to determine members' entitlements to the Proposed First and Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with Shares as at 5.00 p.m. on 11 May 2018 will be entitled to the Proposed First and Final Dividend.

The Proposed First and Final Dividend, if approved by shareholders at the Company's forthcoming AGM, will be paid on 23 May 2018.

By Order Of the Board

SEAH KIM SWEE
Company Secretary

Date: 6 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

a) A member entitled to attend and vote at this AGM of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form of proxy must be deposited at the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the AGM of the Company.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

d) In the case of joint shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SOO KEE GROUP LTD.

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

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the AGM.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

*I/We _____ (Name), *NRIC/Passport number _____

of _____ (Address)

being a *member/members of Soo Kee Group Ltd. (the "**Company**") hereby appoint:

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

*and/or

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

or failing whom the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company to be held at 7 Changi Business Park Vista, #01-01, Singapore 486042 on Monday, 30 April 2018 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM of the Company as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM of the Company and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

No.	ORDINARY BUSINESS	Number of Votes For (1)	Number of Votes Against (1)
1	To receive and consider the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 ("**FY2017**")		
2	To approve payment of a first and final tax exempt (one-tier) dividend of 0.5 Singapore cents per ordinary share in the capital of the Company ("**Share**") for FY2017		
3	To re-elect Mdm. Lim Liang Eng as a director of the Company ("**Director**")		
4	To re-elect Mr. Ang Miah Khiang as a Director		
5	To re-elect Mr. Low Chia Wing as a Director		
6	To approve Directors' fees for financial year ending 31 December 2018, payable quarterly in arrears		
7	To re-appoint Messrs RSM Chio Lim LLP as Independent Auditors of the Company		
8	To authorise the Directors to allot and issue Shares		
9	To authorise the Directors to grant awards and to allot and issue Shares in accordance with the provisions of the Soo Kee Group Performance Share Plan		

(1) If you wish to exercise all your votes "For" or "Against" the Resolution, please tick [✓] within the box provided. Alternatively, if you wish to exercise your votes both "For" or "Against" the relevant Resolution, please indicate the number of shares in the relevant boxes provided.

* *delete where inapplicable*

Dated this _____ day of _____ 2018

Total Number of Shares Held	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature (s) of Member(s)
or, Common Seal of Corporate Member(s)

NOTES :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:-

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM of the Company. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM of the Company.

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

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorize by resolution of its directors or other governing body such as person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who buys shares using SRS monies may attend and cast his vote(s) at the AGM of the Company in person. SRS Investors who are unable to attend the AGM of the Company but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM of the Company to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM of the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2018.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

GOING BEYOND

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