



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

---

## **RESPONSES TO QUESTIONS RECEIVED IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 26 JUNE 2020**

---

The board of directors (the “**Board**”) of SK Jewellery Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the notice of annual general meeting (“**AGM**”) released by the Company on 4 June 2020 relating to the Company’s AGM to be held by electronic means on 26 June 2020 at 10.00 a.m..

The Board would like to provide responses to the relevant questions received from shareholders of the Company ahead of the AGM as follow:

**Question 1: Please provide an assessment of how the COVID-19 pandemic crisis is likely to impact the Group’s business over the next 1-2 years? What is the Group’s strategy to weather this unprecedented and uncertain period? What key competitive strengths will allow the Group to weather this crisis better than its competition?**

**Company’s Response:**

The COVID-19 pandemic is an unprecedented global event that impacts all the markets in which the Group operates. Despite Singapore’s Phase-2 re-opening on 19 June 2020, uncertainties remain abound due to speculations of a possible second wave of infections, which may adversely impact the markets. The experience in the People’s Republic of China (“**PRC**”) has shown that any resurgence of cases could dampen a recovery in consumer demand.

While the Group’s retail outlets have slowly resumed operations, we are currently still monitoring the impact and changing consumer behaviour, and as such, the Company is unable to provide an accurate prediction of the impact on the Group’s business in the next 1 to 2 years at this present moment.

However, to better weather the negative impact of COVID-19, the Group will focus on costs control while investing carefully on digital transformation, including strengthening our online presence.

**Question 2: How did the Group’s online platform perform during the circuit breaker period? To what extent has online sales mitigated the loss in sales in physical stores? Are customers more receptive in buying higher priced jewellery items such as a wedding ring online? Will online platforms play a more important role even after the pandemic crisis?**

**Company’s Response:**

During the circuit breaker period in Singapore, the Group’s online platforms remain operational to service the needs of our customers. We experienced an increase in online traffic and transactions, including for higher priced items. However, as fine jewellery remains a high touch point transaction, revenue generated *via* online platforms represents only a fraction of our physical store sales.



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

**Question 3: The PRC and Malaysia have lifted their lockdown measures earlier than Singapore. Have sales returned to normal for the stores in the PRC and Malaysia? What can the Singapore stores learn from the experience of the reopening of stores in the PRC and Malaysia?**

**Company's Response:**

Each geographical market is different and we are still currently monitoring the impact of the re-opening of stores across different markets on consumer behaviour.

**Question 4: What is the progress of Love & Co.'s expansion in the PRC in 2019? Are the 2019 sales in self-owned and franchised stores in line with management's expectations? How has the COVID-19 pandemic affected expansion plans in the PRC going forward? Are there any new franchise opportunities under discussion currently?**

**Company's Response:**

The PRC's retail sector was greatly affected by COVID-19 and the ensuing lockdown. The Group has taken a prudent approach for its overseas operations and has taken steps such as not renewing leases of shops with lower income contribution. We have also put our expansion plans in the PRC on hold until we have more clarity on the economic situation.

**Questions 5: What is consumer's response to the newly launched "Star Carat" brand? Will lab-grown diamond eventually replace mined diamonds or does mined diamonds still have an enduring appeal even with millennial customers?**

**Company's Response:**

The lab-grown diamond under the "Star Carat" brand was launched to cater to new group of customers seeking value and sustainability, particularly millennials who are becoming the main purchasers of diamonds for engagement rings. It represents another choice for customers besides mined diamonds. The Group believes that both collections will continue to appeal to different segments of customers.

**Question 6: How has the COVID-19 pandemic affected the jewellery industry in Singapore? Is consolidation of the industry, where some weaker jewellery retailers exit the market, to be expected?**

**Company's Response:**

The Group believes that the COVID-19 pandemic has negatively impacted the jewellery industry in Singapore due to the circuit breaker measures. We are however unable to comment on the potential extent of the consolidation of the industry.



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

**Question 7: Gold price has increased from approximately USD1500/oz at the beginning of the year to approximately USD1700/oz currently. Does the Group benefit from higher gold prices in the current COVID-19 pandemic crisis? Can gold-based inventory be easily converted to cash in the current environment if required?**

**Company's Response:**

Gold as part of our inventory has appreciated as a result of rising gold prices. Gold has high liquidity and is also easily converted to cash if necessary.

**Question 8: What is the total dollar amount of rental relief and wage support the Group will receive based on what has been announced in the Singapore budgets so far? Is there similar support in Malaysia and the PRC?**

**Company's Response:**

Our landlords have provided the Group with some rental relief during the circuit breaker period. The Group is still in the process of obtaining the full details regarding the rental support for the period from April to June 2020.

The rental relief in other markets is however not as generous as compared to that in Singapore.

**Question 9: Has the Group taken any further cost cutting measures? Are there plans to renegotiate future lease terms to include a higher variable component?**

**Company's Response:**

The Group has embarked on a series of cost cutting measures including reducing salary costs, inventory optimisation and rationalisation of store renovation projects, amongst others. We are also actively engaging our landlords to obtain rental relief during the period of store closure.

The Group will continue to work with landlords to renegotiate more favourable terms.

**Question 10: In every crisis (危机) there is danger (危) and opportunity (机) and in the midst of the crisis most can only see the danger. What opportunities does the Company see during this difficult and uncertain period?**

**Company's Response:**

The COVID-19 pandemic is an unprecedented event that has a great impact on the retail and jewellery sector. Moving forward, the Group will continue to focus on its digital transformation, engaging and serving our customers more effectively by adopting an omni-channel approach. This restructuring to reach out more effectively to customers will provide a more compelling value proposition in preparation for a post-pandemic future. Meanwhile, the Group will also maintain a clear focus on cost efficiency to thrive in a post-pandemic economy.



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

**BY ORDER OF THE BOARD**

Lim Yong Sheng  
Executive Director and Chief Executive Officer  
25 June 2020

---

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.*