

**OLD CHANG KEE LTD.**  
(Company Registration No.: 200416190W)  
(Incorporated in the Republic of Singapore on 16 December 2004)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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

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

<b>Consolidated statement of comprehensive income</b>	<b>The Group</b>		<b>Increase / (Decrease) %</b>
	<b>First Quarter Ended</b>		
	<b>30-06-2018</b>	<b>30-06-2017</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Revenue</b>	22,325	20,568	8.5
Cost of sales	(7,888)	(8,037)	(1.9)
<b>Gross profit</b>	<u>14,437</u>	<u>12,531</u>	15.2
<b>Other items of income</b>			
Interest income on short term deposits	11	14	(21.4)
Other income	168	154	9.1
<b>Other items of expenses</b>			
Selling and distribution expenses	(9,390)	(8,651)	8.5
Administrative expenses	(3,142)	(2,851)	10.2
Finance costs	(78)	(65)	20.0
Other expenses	(388)	(187)	107.5
<b>Profit before tax and share of results of joint venture</b>	<u>1,618</u>	<u>945</u>	71.2
Share of results of joint venture	(44)	(31)	41.9
<b>Profit before tax</b>	<u>1,574</u>	<u>914</u>	72.2
Income tax expense	(323)	(243)	32.9
<b>Profit for the period</b>	<u>1,251</u>	<u>671</u>	86.4
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations	4	(4)	(200.0)
<b>Other comprehensive income for the period, net of tax</b>	<u>4</u>	<u>(4)</u>	(200.0)
<b>Total comprehensive income for the period, attributable to owners of the Company</b>	<u><u>1,255</u></u>	<u><u>667</u></u>	88.2

1(a)(ii) **Notes to consolidated statement of comprehensive income**

1. Profit before tax is arrived at after charging/(crediting) the following:

	The Group		
	First Quarter Ended		
	30-06-2018	30-06-2017	+/(-)
	S\$'000	S\$'000	%
Amortisation of intangible assets	15	15	-
Depreciation of property, plant and equipment	1,350	1,103	22.4
Interest income from short-term deposits	(11)	(14)	(21.4)
Interest expense	78	65	20.0
Loss/(gain) in foreign exchange, net	21	(46)	(145.7)
(Gain)/loss on disposal of property, plant and equipment	(44)	6	NM

2. The major components of taxation comprise:

	The Group		
	First Quarter Ended		
	30-06-2018	30-06-2017	+/(-)
	S\$'000	S\$'000	%
Current income tax			
-Current income taxation	379	178	112.9
-Tax refund in respect of prior years	-	(5)	NM
Deferred income tax			
-Movement in temporary differences	(56)	70	(180.0)
<b>Taxation recognised in the consolidated statement of comprehensive income</b>	<b>323</b>	<b>243</b>	<b>32.9</b>

NM: Not meaningful

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

	The Group			The Company	
	30-06-2018	31-03-2018	01-04-2017	30-06-2018	31-03-2018
	S\$'000	S\$'000 (Restated)	S\$'000 (Restated)	S\$'000	S\$'000
<b>Non-Current Assets</b>					
Property, plant and equipment	31,275	31,560	27,571	-	-
Intangible assets	274	289	352	-	-
Investment in subsidiary companies	-	-	-	5,640	5,640
Investment in unquoted shares	250	64	273	250	64
Investment in joint venture	417	461	-	537	537
Long term deposits	2,475	2,434	2,024	-	-
	<u>34,691</u>	<u>34,808</u>	<u>30,220</u>	<u>6,427</u>	<u>6,241</u>
<b>Current Assets</b>					
Inventories	948	1,192	705	-	-
Trade and other receivables	251	277	253	-	-
Deposits	1,010	1,015	1,040	-	-
Prepayments	758	1,192	2,939	7	24
Amount due from joint venture	282	-	-	179	-
Amount due from associated companies	72	-	-	-	-
Amount due from subsidiary companies	-	-	-	6,234	8,109
Cash and bank balances	15,262	12,787	15,555	5,627	3,324
	<u>18,583</u>	<u>16,463</u>	<u>20,492</u>	<u>12,047</u>	<u>11,457</u>
<b>Current Liabilities</b>					
Trade and other payables	8,441	7,891	8,252	2,256	1,683
Other liabilities	166	170	170	-	-
Provisions	2,400	2,398	2,285	48	41
Bank loans	1,430	1,430	4,230	-	-
Finance lease liabilities	154	166	117	-	-
Provision for taxation	1,076	697	1,129	35	27
	<u>13,667</u>	<u>12,752</u>	<u>16,183</u>	<u>2,339</u>	<u>1,751</u>
<b>Net Current Assets</b>	4,916	3,711	4,309	9,708	9,706
<b>Non-Current Liabilities</b>					
Bank loans	8,821	9,179	6,032	-	-
Finance lease liabilities	567	506	160	-	-
Deferred tax liabilities	1,280	1,336	963	-	-
	<u>10,668</u>	<u>11,021</u>	<u>7,155</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u><b>28,939</b></u>	<u><b>27,498</b></u>	<u><b>27,374</b></u>	<u><b>16,135</b></u>	<u><b>15,947</b></u>
<b>Equity attributable to owners of the Company</b>					
Share capital	13,964	13,964	13,964	13,964	13,964
Retained earnings	14,952	13,515	13,372	2,171	1,983
Other reserves	23	19	38	-	-
<b>Total Equity</b>	<u><b>28,939</b></u>	<u><b>27,498</b></u>	<u><b>27,374</b></u>	<u><b>16,135</b></u>	<u><b>15,947</b></u>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30-06-2018</b>		<b>As at 31-03-2018</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
1,584	-	1,596	-

**Amount repayable after one year**

<b>As at 30-06-2018</b>		<b>As at 31-03-2018</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
9,388	-	9,685	-

**Details of any collateral**

The Group's borrowings are secured as follows:

1. Bank loans are secured by:

- (i) a first legal mortgage on freehold and leasehold properties owned by the Group's wholly owned subsidiary companies as at 30 June 2018; and
- (ii) corporate guarantee by the Company as at 30 June 2018.

2. Finance lease obligations are secured by the lessors' title to the respective leased assets.

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

	<b>The Group</b>	
	<b>First Quarter Ended</b>	
	<b>30-06-2018</b>	<b>30-06-2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	1,574	914
Adjustments for:		
Amortisation of intangible assets	15	15
Depreciation of property, plant and equipment	1,350	1,103
(Gain)/loss on disposal of property, plant and equipment	(44)	6
Property, plant and equipment written off	2	1
Share of results of joint venture	44	31
Interest expense	78	65
Interest income	(11)	(14)
Currency realignment	14	(42)
<b>Operating profit before changes in working capital</b>	<u>3,022</u>	<u>2,079</u>
Decrease/(increase) in inventories	244	(61)
Decrease/(increase) in trade and other receivables	26	(240)
Increase in amount due from associate	(72)	(24)
Increase in amount due from joint venture	(103)	-
Increase in deposits	(36)	(233)
Decrease/(increase) in prepayments	434	(690)
Increase in trade and other payables	550	676
(Decrease)/increase in other liabilities	(4)	5
Increase in provisions	2	11
<b>Cash flows from operations</b>	<u>4,063</u>	<u>1,523</u>
Tax refund	-	5
<b>Net cash flows from operating activities</b>	<u>4,063</u>	<u>1,528</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,023)	(2,650)
Proceeds from disposal of property, plant and equipment	121	12
Capital injection into joint venture	-	(537)
Interest received	11	14
<b>Net cash flows used in investing activities</b>	<u>(891)</u>	<u>(3,161)</u>
<b>Cash flows from financing activities</b>		
Loan to joint venture	(179)	-
Proceeds from bank loan	-	1,575
Repayment of finance lease liabilities	(82)	(29)
Interest paid	(78)	(65)
Repayment of bank loans	(358)	(236)
<b>Net cash flows (used in)/from financing activities</b>	<u>(697)</u>	<u>1,245</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,475	(388)
Cash and cash equivalents at the beginning of the financial period	12,787	15,555
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>15,262</u></u>	<u><u>15,167</u></u>

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

Equity attributable to owners of the Company

	Share capital	Retained earnings	Other reserves	Foreign currency translation reserve	Asset revaluation reserve	Total equity
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 31-03-2018, as previously reported</b>	<b>13,964</b>	<b>12,533</b>	<b>1,905</b>	<b>19</b>	<b>1,886</b>	<b>28,402</b>
Adoption of SFRS(I) 1	-	982	(1,886)	-	(1,886)	(904)
<b>Balance at 31-03-2018, as restated</b>	<b>13,964</b>	<b>13,515</b>	<b>19</b>	<b>19</b>	<b>-</b>	<b>27,498</b>
Adoption of SFRS(I) 9	-	186	-	-	-	186
<b>Balance at 01-04-2018, as restated</b>	<b>13,964</b>	<b>13,701</b>	<b>19</b>	<b>19</b>	<b>-</b>	<b>27,684</b>
Profit for the period	-	1,251	-	-	-	1,251
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	4	4	-	4
Total comprehensive income for the period	-	1,251	4	4	-	1,255
<b>Balance at 30-06-2018</b>	<b>13,964</b>	<b>14,952</b>	<b>23</b>	<b>23</b>	<b>-</b>	<b>28,939</b>
<b>Balance at 01-04-2017, as previously reported</b>	<b>13,964</b>	<b>12,139</b>	<b>1,271</b>	<b>38</b>	<b>1,233</b>	<b>27,374</b>
Adoption of SFRS(I) 1	-	1,233	(1,233)	-	(1,233)	-
<b>Balance at 01-04-2017, as restated</b>	<b>13,964</b>	<b>13,372</b>	<b>38</b>	<b>38</b>	<b>-</b>	<b>27,374</b>
Profit for the period	-	671	-	-	-	671
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(4)	(4)	-	(4)
Total comprehensive income for the period	-	671	(4)	(4)	-	667
<b>Balance at 30-06-2017</b>	<b>13,964</b>	<b>14,043</b>	<b>34</b>	<b>34</b>	<b>-</b>	<b>28,041</b>

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

	Share capital	Retained earnings	Total equity
The Company	S\$'000	S\$'000	S\$'000
Balance at 01-04-2018, as previously reported	13,964	1,983	15,947
Adoption of SFRS(I) 9	-	186	186
<b>Balance at 01-04-2018, as restated</b>	<b>13,964</b>	<b>2,169</b>	<b>16,133</b>
Profit for the period	-	2	2
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2	2
<b>Balance at 30-06-2018</b>	<b>13,964</b>	<b>2,171</b>	<b>16,135</b>
Balance at 01-04-2017, as previously reported	13,964	3,368	17,332
Profit for the period	-	59	59
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	59	59
<b>Balance at 30-06-2017</b>	<b>13,964</b>	<b>3,427</b>	<b>17,391</b>

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

Ordinary shares

	Number of shares	S\$'000
Issued and fully paid ordinary shares as at 30 June 2018 and 31 March 2018	121,374,700	13,964

There were no treasury shares, subsidiary holdings, outstanding options and/or other convertibles as at 30 June 2018 and 30 June 2017.

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

	<b>As at 30-06-2018</b>	<b>As at 31-03-2018</b>
Total number of issued shares	121,374,700	121,374,700

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures in this announcement have not been audited or reviewed by the Group's auditor.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 March 2018.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), on 1 April 2018 and has prepared its financial information under SFRS(I) for the first quarter ended 30 June 2018.

Other than the adoption of SFRS(I) 1 and SFRS(I) 9 which are effective for its financial year beginning 1 April 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact to the Group's and the Company's financial statements in the year of initial application.

The impact of adopting the following SFRS(I) which are effective for the financial year beginning 1 April 2018, are detailed as follows:

SFRS(I) 1 – First-time adoption of Singapore Financial Reporting Standards (International)

On transition to SFRS(I), the Group restated comparative periods financial statements to retrospectively apply SFRS(I) where applicable, except where SFRS(I) 1 specifically prohibited such retrospective applications and where optional exemptions from retrospective applications were elected.

On transition to the new financial reporting framework, the Group has elected to measure its freehold land and buildings using the cost model by applying the "deemed cost" transition exemptions. Accordingly, the Group has reclassified an amount of \$1,233,000 of asset revaluation reserve to the opening retained earnings as at 1 April 2017.



## SFRS(I) 9 – Financial Instruments

In addition, the Group adopted SFRS(I) 9 – Financial Instruments on 1 April 2018. Under SFRS(I) (9) – Financial Instruments, the Group has measured its investment in unquoted equity shares at fair value. The difference between the current carrying amount and the fair value as at 31 March 2018, amounting to \$186,000, was recognised in the opening retained earnings as at 1 April 2018.

### Summary of Impact

Group (\$'000)	Adjustments arising from:		
	01-04-2017	SFRS(I) 1	01-04-2017 (Restated)
<b>Equity</b>			
Retained Earnings	12,139	1,233	13,372
<b>Other Reserves</b>			
-Asset Revaluation Reserves	1,233	(1,233)	-
-Foreign Currency Translation Reserves	38	-	38

Group (\$'000)	Adjustments arising from:		
	1Q 2018	SFRS(I) 1	1Q 2018 (Restated)
<b>Equity</b>			
Retained Earnings	12,810	1,233	14,043
<b>Other Reserves</b>			
-Asset Revaluation Reserves	1,233	(1,233)	-
-Foreign Currency Translation Reserves	34	-	34

Group (\$'000)	Adjustments arising from:		
	31-03-2018	SFRS(I) 1	31-03-2018 (Restated)
<b>Non-Current Assets</b>			
Property, Plant and Equipment	32,586	(1,026)	31,560
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	1,458	(122)	1,336
<b>Equity</b>			
Retained Earnings	12,533	982	13,515
<b>Other Reserves</b>			
-Asset Revaluation Reserves	1,886	(1,886)	-
-Foreign Currency Translation Reserves	19	-	19

Group (\$'000)	Adjustments arising from:		
	01-04-2018	SFRS(I) 9	01-04-2018 (Restated)
<b>Non-Current Assets</b>			
Investment in unquoted shares	64	186	250
<b>Equity</b>			
Retained Earnings	13,515	186	13,701

Company (\$'000)	Adjustments arising from:		
	01-04-2018	SFRS(I) 9	01-04-2018 (Restated)
<b>Non-Current Assets</b>			
Investment in unquoted shares	64	186	250
<b>Equity</b>			
Retained Earnings	1,983	186	2,169

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

Basic earnings per ordinary share (“EPS”) is computed by dividing the earnings attributable to owners of the Company in each financial period by the weighted average number of ordinary shares in issue during the respective financial periods.

EPS after deducting any provision for preference dividends :-	The Group First Quarter Ended	
	1Q2019	1Q2018
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.03	0.55
(b) On a fully diluted basis (Singapore cents)	1.03	0.55

Number of shares used in the respective computations of EPS :-	The Group First Quarter Ended	
	1Q2019	1Q2018
(a) Based on weighted average number of ordinary shares in issue ; and	121,374,700	121,374,700
(b) On a fully diluted basis	121,374,700	121,374,700

The basic and diluted EPS for the financial periods ended 30 June 2018 and 30 June 2017 are the same as there are no potentially dilutive shares in issue as at 30 June 2018 and 30 June 2017.

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

	The Group		Company	
	30-06-2018	31-03-2018	30-06-2018	31-03-2018
Net asset value per ordinary share based on total number of issued shares as at the end of the financial period reported on	\$0.24	(Restated) \$0.23	\$0.13	\$0.13
Total number of issued shares as at the end of the financial period reported on	121,374,700	121,374,700	121,374,700	121,374,700

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

**Revenue**

The Group’s revenue increased from approximately S\$20.6 million for the financial period from 1 April 2017 to 30 June 2017 (“1Q2018”) to approximately S\$22.3 million for the period from 1 April 2018 to 30 June 2018 (“1Q2019”), an increase of approximately S\$1.8 million or 8.5%.

Revenue from retail outlets increased by approximately S\$1.6 million or 7.9% mainly due to revenue contribution from new outlets and an increase in revenue from existing outlets, partially offset by absence of revenue from closed outlets.

Revenue from other services, such as delivery and catering services, increased by approximately S\$159,000 or 55.8% from S\$285,000 to S\$444,000, mainly due to higher events and catering sales.

As at 30 June 2018, the Group operated a total of 90 outlets in Singapore as compared to 89 outlets as at 30 June 2017.

### **Cost of sales and gross profit**

Cost of sales decreased by approximately S\$149,000 or 1.9% mainly due to better food cost management and improved manpower efficiencies arising from automation of production processes for 1Q2019.

The Group's gross profit increased by approximately S\$1.9 million or 15.2%. The Group's gross profit margin increased from approximately 60.9% in 1Q2018 to 64.7% in 1Q2019, mainly due to improved manpower efficiencies and food cost management in 1Q2019.

### **Other income**

Other income increased by approximately S\$14,000 mainly due to an increase in gain on disposal of motor vehicles of approximately S\$44,000, offset by lower special temporary employment credit scheme income and government grant income in 1Q2019.

### **Operating Expenses**

#### Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by approximately S\$739,000 or 8.5% in line with the increase in revenue. S & D expenses as a percentage of revenue for both 1Q2019 and 1Q2018 remained relatively constant at 42.1% of revenue.

#### Administrative expenses

Administrative expenses increased by approximately S\$291,000 or 10.2%. The increase in administrative expenses was mainly due to an increase in head office staff costs, including staff training expenses and recruitment expenses, of approximately S\$304,000.

#### Other expenses

The increase in other expenses of approximately S\$201,000 in 1Q2019 was mainly due to an increase in depreciation expenses of approximately S\$142,000 arising from depreciation of the new head office at 2 Woodlands Terrace, and foreign exchange loss of S\$21,000 in 1Q2019, compared to foreign exchange gain of S\$46,000 for the prior period.

As a result of the above, the proportion of total operating expenses compared to revenue increased from 56.8% in 1Q2018 to 57.9% in 1Q2019.

### **Depreciation and amortisation**

The increase in depreciation and amortisation expenses of approximately S\$247,000 in 1Q2019 was mainly due to additions of plant and equipment and renovation costs for the completion of the Group's new factory facility in Singapore and new retail outlets.

### **Finance costs**

Finance costs increased by approximately S\$13,000 mainly due to higher interest rates on loan taken for the construction and renovation of factory facilities.

### **Share of results of joint venture**

The increase was due to initial operating losses of approximately S\$44,000 for the joint venture in the United Kingdom in 1Q2019, compared to start up costs of approximately S\$31,000 in 1Q2018.

## **Profit before tax**

The Group's profit before tax increased from approximately S\$914,000 in 1Q2018 to approximately S\$1.6 million in 1Q2019, an increase of approximately S\$660,000 or 72.2%.

## **Taxation**

The Group's taxation expenses increased by S\$80,000 or 32.9% mainly due to an increase in profit for the current financial period, offset by lower non tax deductible items for the period.

## **Balance Sheet**

### Non-current assets

The Group's non-current assets decreased by approximately S\$117,000 or 0.3% mainly due to the following:

- (a) depreciation expenses and fixed assets written off of approximately S\$1.4 million partially offset by purchase of motor vehicles, plant and equipment and renovation costs for the Group's new factory facility and outlets in Singapore during 1Q2019; and
- (b) share of start-up costs for the joint venture of approximately S\$44,000 for 1Q2019.

The decrease in non-current assets was partially offset by:

- (a) an increase in investment in unquoted shares of approximately S\$186,000 due to fair value adjustment upon the adoption of SFRS(I) 9 – Financial Instruments; and
- (b) an increase in long term deposits mainly due to top up of lease deposit for lease renewals, partially offset by reclassification of long term lease deposits to short term lease deposits, in accordance with the respective lease tenures.

### Current assets

The Group's current assets increased by approximately S\$2.1 million or 12.9% mainly due to:

- (a) an increase in cash and bank balances of approximately S\$2.5 million mainly due to cash inflow from operating activities, partially offset by purchase of property, plant and equipment during 1Q2019;
- (b) an increase in amount due from joint venture mainly due to a working capital loan and product sales to the United Kingdom joint venture of approximately S\$282,000; and
- (c) an increase in amount due from associates mainly due to product sales of goods to the Malaysian associated company of approximately S\$72,000.

The increase in current assets was partially offset by a decrease in inventories due to lower bulk purchase and a decrease in prepayments mainly due to reclassification of equipment from prepayments to property, plant and equipment upon full payment and receipt of the equipment.

### Current liabilities

The Group's current liabilities increased by approximately S\$915,000 or 7.2% mainly due to the following:

- (a) an increase in trade and other payables mainly due to higher accrued rent and staff cost for the period; and
- (b) an increase in provision for taxation mainly due to tax expenses provided for the current period.

The increase in current liabilities was offset by a decrease in finance leases due to repayments during the current period.

### Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$353,000 or 3.2% mainly due to repayment of bank loans and decrease in deferred tax liabilities during 1Q2019 partially offset by an increase in finance leases mainly for the purchase of new motor vehicles.

### Net working capital

As at 30 June 2018, the Group had a positive net working capital of approximately S\$4.9 million as compared to approximately S\$3.7 million as at 31 March 2018.

### **Cash flow**

In 1Q2019, the Group generated an operating profit before working capital changes of approximately S\$3.0 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$4.1 million in 1Q2019.

In 1Q2019, net cash used in investing activities amounted to approximately S\$891,000. This was mainly attributable to additions of plant and equipment and renovation costs for the Group's new retail outlets and factory facility in Singapore.

Net cash used in financing activities amounted to approximately S\$697,000 in 1Q2019. This was mainly due to loan to joint venture and repayments of bank loan and finance lease liabilities, including interest paid during the period.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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

Following the completion of the new factory facilities and the commissioning of new factory equipment, the Group is heartened that its efforts on improving its gross margins and revenues are showing results. These efforts include continued investment in brand positioning, further expanding its product range including seasonal product launches, and increasing the production efficiency of its factories. The Group will continue with its efforts to drive operational efficiencies, and to enhance its brand positioning.

Initial sales results for the Group's first flagship outlet in Covent Garden - London, United Kingdom are encouraging and the Group will continue to fine-tune its product offerings to adapt to the local market.

On the current operations, the Group expects rental, labour and raw material costs to remain high in the next reporting period and the next 12 months, and believes that the labour market will continue to remain tight.

**11 Dividend.  
If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

Nil

**(b)(i) Amount per share (cents)**

None

**(b)(ii) Previous corresponding period (cents)**

None

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

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

**(d) Corresponding period of the immediately preceding financial year.**

None

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

Not applicable

- 12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared/recommendeded for the current financial period reported on.

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

The Group does not have a general mandate from its shareholders for recurrent interested person transactions.

- 14 Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

We, Han Keen Juan and Lim Tao-E William, being two of the Directors of Old Chang Kee Ltd., do hereby confirm on behalf of the Board of Directors of the Company (the “**Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the first quarter ended 30 June 2018 to be false or misleading in any material aspects.

- 15 Confirmation pursuant to Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“Catalist Rules”).**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

On behalf of the Board:

Han Keen Juan  
Director

Lim Tao-E William  
Director

#### **BY ORDER OF THE BOARD**

**Adrian Chan Pengee**  
**Company Secretary**

14 August 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

*The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*