



Old Chang Kee<sup>®</sup>  
since 1956

# 60 YEARS OF CREATIONS

ANNUAL REPORT 2016





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## OUR ADVOCACY

Delivering great food is our advocacy. Satisfying the wide palate of Singapore remains to be our delight; and we just keep getting better at it. At Old Chang Kee, we carry on with our tradition of turning simple recipes into high quality dishes at fair prices. This is for the service of many hardworking Singaporeans who deserve all the delectable treats that our kitchen can provide.

This annual report 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 Catalyst. The Sponsor has not verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

## CORPORATE PROFILE



*Old Chang Kee is synonymous with quality food. An accessible go-to snack creator, a trusted store when you need to grab a bite or fill an empty stomach.*


We have been present in Singapore for 60 years now. And we are going to remain as your Old Chang Kee, giving the same good old taste you have loved all these times. We specialise in the manufacture and sale of affordable and delectable food products of consistent quality, under the “Old Chang Kee” brand name.

Our signature curry puff is sold at our outlets together with over 30 other food products including fishballs, chicken nuggets and chicken wings. We pride ourselves on always innovating and introducing new products for our customers. Most of our sales are on a takeaway basis and our outlets are located at strategic locations to reach out to a wide range of consumers.

The Dip ‘n’ Go retail outlet offers delicious food on the go, with a variety of dips to go with. Bun Times retail outlets offer Hainanese inspired buns with a variety of fillings like curry chicken and coconut, all at a very affordable price.

The “Curry Times”, “Take 5” and “Mushroom” dine-in retail outlets carry a range of local delights such as laksa, mee siam, nasi lemak and curry chicken. We also provide catering services to the central business district and selected areas in Singapore.





## CELEBRATING 60 YEARS OF HISTORY

Old Chang Kee began with a single coffee-shop stall serving curry puffs in 1956, but has since grown from strength to strength over our 60 years of history thanks to our delectable range of quality food products. Today, Old Chang Kee stands as an iconic local food brand with over 80 outlets in accessible locations around Singapore, our kiosks a welcome sight for the hungry Singaporean in search for a tasty treat on the go.



# CHAIRMAN'S STATEMENT AND OPERATIONS REVIEW

## Dear Shareholders,

It is my pleasure to present to you Old Chang Kee's (the "Company" or "Old Chang Kee" and together with its subsidiaries, the "Group") Annual Report and the Group's results for the financial year ended 31 March 2016.

## Revenue

The Group's revenue increased from approximately S\$71.6 million for the financial year from 1 April 2014 to 31 March 2015 ("FY2015") to approximately S\$73.9 million for the financial year from 1 April 2015 to 31 March 2016 ("FY2016"), an increase of approximately S\$2.2 million or 3.1%.

Revenue from retail outlets increased by approximately S\$2.4 million or 3.4%. The increase in revenue was mainly due to incremental revenue from new outlets and higher revenue from existing outlets, offset by the absence of revenue from outlets that were temporarily closed due to mall revamps.

Revenue from other services, such as delivery and catering services, decreased by approximately S\$180,000 or 14.6%.

As at 31 March 2016, the Group operated a total of 83 outlets in Singapore as compared with 82 outlets as at 31 March 2015.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 31.6% of the Group's revenue in FY2016, as compared with approximately 31.8% in FY2015.

## Cost of sales and gross profit

The Group's gross profit increased by approximately S\$2.0 million or 4.4%. The Group's gross profit margin increased slightly from approximately 62.4% in FY2015 to 63.1% in FY2016 due to tighter cost control over raw material costs and an improvement in product mix.





## Other income

The increase in other income of approximately S\$360,000 was mainly due to:

- a. higher special employment credit, temporary employment credit and wage credit schemes income of approximately S\$230,000 and an increase in government grant income of approximately S\$35,000 to support the Group's productivity and expansion initiatives; and
- b. insurance compensation income of approximately S\$229,000 in relation to damaged equipment; offset by
- c. an absence in FY2016 of gain from disposal of motor vehicle income of approximately S\$117,000 which was recognised in FY2015.

## Operating Expenses

### Selling and distribution expenses

Selling and distribution ("S & D") expenses increased by approximately S\$2.4 million or 8.5%. S & D expenses in FY2016 amounted to approximately 40.9% of revenue as compared with approximately 38.9% of revenue in FY2015.

The increase in S & D expenses as a percentage of revenue was largely attributable to staff cost adjustments of approximately S\$1.1 million in response to the competitive labour market, higher outlet rental expenses of approximately S\$800,000, and higher cleaning and depreciation expenses of approximately S\$522,000.

### Administrative expenses

Administrative expenses increased by approximately S\$521,000 or 5.1%.

The increase in administrative expenses was mainly due to higher staff cost of approximately S\$547,000, offset by decreases in legal and professional fees, and computer related expenses.

## Other expenses

The decrease in other expenses of approximately S\$39,000 in FY2016 was mainly due to the absence of impairment for doubtful receivables and lower fixed assets written off, offset by higher foreign exchange losses.

As a result of the above, total operating expenses increased by approximately S\$2.9 million or 7.4%. Total operating expenses amounted to approximately 57.5% of revenue in FY2016 and 55.2% in FY2015 respectively.

## Depreciation and amortisation

Depreciation increased by approximately S\$288,000 or 7.6% in FY2016 as compared with FY2015, mainly due to an increase in depreciation for outlets and the renovation of and equipment for the Group's new factory at 4 Woodlands Terrace ("New Factory"). Amortisation expenses increased by approximately S\$30,000 mainly due to the purchase of new enterprise resource planning software in FY2016.

## Finance costs

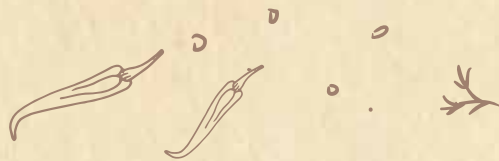
The increase in finance costs of approximately S\$83,000 was mainly due to interest expenses on loans taken to finance the construction and renovation of the Group's New Factory.

## Profit before tax

The Group's profit before tax decreased from approximately S\$6.7 million in FY2015 to approximately S\$6.1 million in FY2016, a decrease of approximately S\$612,000 or 9.1%, due to the factors mentioned above.

## Taxation

The Group's taxation expenses decreased by approximately S\$301,000 or 21.2% mainly due to the lower profit before tax and lower non tax deductible expenses for the current financial year.



## Balance Sheet

### Non-current assets

The increase in the Group's non-current assets of approximately S\$2.9 million or 10.2% was mainly due to:

- a. additions of plant and equipment, capitalisation of renovation costs for the Group's new and existing retail outlets, and capitalisation of construction and renovation cost incurred for the Group's New Factory. This was partially offset by depreciation expenses and fixed assets written off for FY2016; and
- b. an increase in intangible assets following the purchase of a new enterprise resource planning software and a club membership; partially offset by
- c. a decrease in long term deposits largely because of reclassification of long term lease deposits to short term lease deposits, in accordance with the respective lease tenures, offset by additional lease deposits paid to secure new outlets.

### Current assets

The decrease in the Group's current assets of approximately S\$490,000 or 2.1% was mainly due to:

- a. a decrease in deposits of approximately S\$290,000 mainly due to the refund of deposits for closed outlets, offset by reclassification of lease deposits from long term to short term in accordance with the lease tenures; and
- b. a decrease of approximately S\$740,000 in cash and bank balances mainly due to the purchase of property, plant and equipment, the repayment of bank loans and finance leases, and the dividends paid during FY2016, partially offset by cash inflow from operating activities, and proceeds from bank loan for the construction and renovation of the New Factory.

The decrease in current assets was partially offset by an increase in inventories largely attributable to higher purchases of raw materials at more favourable bulk prices, and an increase in prepayment due to advance payments for equipment purchase.

### Current liabilities

The increase in the Group's current liabilities of approximately S\$973,000 or 9.8% was mainly due to:

- a. an increase in trade and other payables of S\$1.7 million due to an increase in period-end billings by our trade suppliers and contractors; partially offset by
- b. a decrease in provision for taxation of S\$812,000 mainly due to tax payment made during FY2016, and lower current tax provision for the current financial year.

### Non-current liabilities

The Group's non-current liabilities increased by approximately S\$115,000 or 1.3% mainly due to increase in deferred tax provision for FY2016, offset by the repayment of bank loans and finance lease during the year.

### Net working capital

As at 31 March 2016, the Group had a positive net working capital of approximately S\$12.2 million as compared with approximately S\$13.7 million as at 31 March 2015.

## Cash flow

For FY2016, the Group generated an operating profit before working capital changes of approximately S\$10.6 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$10.6 million in FY2016.



In FY2016, net cash used in investing activities amounted to approximately S\$7.1 million. This was mainly attributable to renovation and construction costs for the Group's New Factory, and the purchase of plant and equipment for the Group's New Factory and retail outlets.

Net cash used in financing activities amounted to approximately S\$4.3 million in FY2016. This was mainly due to dividends paid, and repayments of bank loan and finance lease liabilities including interest paid, partially offset by proceeds from bank loan.

### Significant Developments

In the financial year ended 31 March 2014, the Group commenced construction works for our new factory facilities in both Singapore and Iskandar Malaysia. The construction works for 4 Woodlands Terrace and Iskandar Malaysia have been fully completed during FY2016 and both factories are expected to be fully operational in the coming months.

Currently, the Group is undertaking reconstruction works for a new factory facility at 2 Woodlands Terrace. When the reconstruction works at 2 Woodlands Terrace are completed in the coming months, it will be fully integrated with the adjacent New Factory.

The integrated factory facilities at 2 and 4 Woodlands Terrace will feature modern technology and machinery that will further improve our food consistency, labour efficiencies and space productivity. The enlarged food facilities both in Singapore and Iskandar Malaysia will provide a sound platform to organically grow our business both locally and regionally.

### Going Forward

As the labour shortage situation in the Food & Beverage sector shows no signs of abatement, labour costs are expected to continue trending upwards. The Group will continue to explore ways to improve the efficiency and profit margins of our various business units. These include strengthening our brand positioning, product offerings and process flow, and tapping on the strong support from government agencies whenever possible.

While the Group expects rental and raw materials costs to remain elevated, we will continue to manage these costs through various strategies. These include improving raw materials management, increasing productivity at our production facilities using state-of-the-art machinery, and introducing further enhancements to our popular product range.

### 60<sup>th</sup> Anniversary of Old Chang Kee

2016 marks 60 years since Old Chang Kee was founded in 1956. To commemorate our 60<sup>th</sup> anniversary, the Group is pleased to announce a one-off special dividend of 3 Singapore cents per ordinary share, subject to the approval of the shareholders at the upcoming Annual General Meeting of the Company.

The proposed one-off special dividend, together with the interim and proposed final dividend, will bring the Group's full year dividend payout for FY2016 to 6 Singapore cents per ordinary share, in line with our 60<sup>th</sup> year anniversary celebrations.

### Dividends

The Directors have proposed a final dividend of 1.5 Singapore cents per ordinary share, and a special final dividend of 3 Singapore cents per ordinary share for FY2016.

### Acknowledgement

60 years is not a short time in business for a homegrown Singaporean brand, and it would not be possible without the steadfast support from all our stakeholders.

I would like to express my heartfelt appreciation to our customers for their continued patronage, and our shareholders, Directors, bankers, strategic business partners and our staff for their continued support.

**HAN KEEN JUAN**

Executive Chairman



## THE SPICE OF INNOVATION

Singapore is a country known for its food, and at Old Chang Kee, we recognise the need for constant innovation in order to keep up with our discerning customers. From our signature curry puffs and range of portable snacks to fresh dine-in concepts like Curry Times and Mushroom Cafe, our team has worked tirelessly to come up with tasty new dishes to satisfy the taste buds of the diverse Singaporean palates.





## OUR BRANDS

Each brand name embodies the unique promise, aspiration and personality of the product. In order to differentiate the product from others in today's competitive market, Old Chang Kee has developed memorable and distinctive brand names for all our products.

**O' MY Darling!**  
Old Chang Kee's Mobile Kitchen

Affectionately named O' My Darling, our mobile kitchen has graced many high profile events such as the National Day Parade in Singapore.



Take 5. take *eat* easy!

Featuring some of the best local dishes, Take 5 offers our customers a cozy dine-in experience with delectable local delights.



Leveraging on the curry expertise of Old Chang Kee, Bun Times extends the Company's Hainanese heritage by introducing authentic curry buns, buns with assorted fillings and other traditional snacks.



### Catering

Our catering service allows you to enjoy great tasting food from our Old Chang Kee, Curry Times and Take 5 menu at your casual gatherings or corporate events.





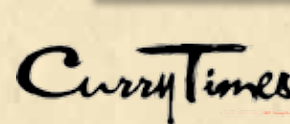
Celebrating 60 years of history, our iconic curry puffs continue to propel Old Chang Kee to greater heights.



Mushroom Cafe is an al fresco concept eatery serving a blend of local delights to cater to both the young and old.



Dip'n'Go is our revolutionary concept of delicious food on the go and an exciting variety of dips to go with.



Curry Times, our curry themed restaurant, continues to delight our customers with authentic home cooked recipes.

# RETAIL OUTLETS



2 Mackenzie Road (Rex)  
313@Somerset  
Alexandra Retail Centre  
Aljunied MRT Station  
AMK Hub  
Bedok Mall  
Bedok Point  
Bugis Junction  
Bukit Merah Central  
Bukit Panjang Plaza  
Buona Vista MRT Station  
Caltex Bukit Batok  
Caltex Clementi  
Caltex Dunearn  
Caltex East Coast

Caltex Jurong West  
Caltex Tampines  
Causeway Point  
Century Square  
Changi Airport Terminal 2 (Coming Soon)  
Changi Airport Terminal 3  
Changi City Point  
Chinatown Heritage Centre  
Chua Chu Kang MRT Station  
City Square Mall  
Clementi Mall  
Compass Point (Coming Soon)  
Far East Plaza  
Golden Shoe Car Park 🚗  
Greenwich V  
Heartland Mall  
Holland Village MRT Station  
Hougang Mall  
IMM Building  
International Plaza  
Ion Orchard  
Jem  
Junction 8 Shopping Centre  
Jurong Point Shopping Centre 🚗  
Kallang MRT Station  
Kallang Wave  
Kembangan MRT Station  
Lot 1 Shoppers' Mall  
National University of Singapore  
Nex Mall

Ngee Ann Polytechnic  
Northpoint Shopping Centre  
Novena Square  
NTUC Hub @ Benoi  
Paragon  
Parkway Parade  
Paya Lebar Square  
Plaza Singapura  
Potong Pasir MRT Station  
Rivervale Mall  
Sentosa Beach Station  
Simei MRT Station  
Singapore Cruise Centre  
SPC East Coast Service Station  
SPC Jalan Buroh Service Station 🚗  
SPC Punggol Service Station  
Sun Plaza  
Tampines MRT Station  
The Verge  
Thomson Plaza  
Tiong Bahru Plaza (Coming Soon)  
Toa Payoh Hub 🚗  
Ubi Avenue 2  
United Square  
V Hotel @ Lavender  
VivoCity (Coming Soon)  
Waterway Point  
West Mall  
White Sands  
Yew Tee Point





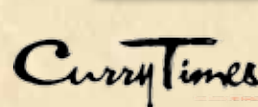
MacRitchie Reservoir  
Sengkang Riverside Park



Woodlands MRT Station



Century Square  
Jurong Point (Coming Soon)  
NTUC Hub @ Benoi  
Tiong Bahru Plaza (Coming Soon)



Alexandra Retail Centre  
Changi Airport Terminal 3  
Chinatown Heritage Centre  
Kallang Wave  
Novena Square  
One KM  
Westgate

# MILESTONES

## 1956

Origins of Mr Chang's chicken curry puff

1986: Our Executive Chairman, Han Keen Juan acquired the curry puff business

## 2004

Awarded "Singapore Promising Brand Award (SPBA)" by the ASME and Lianhe Zaobao

Dec 2004: Incorporated "Old Chang Kee Singapore Pte. Ltd."

## 2005

Awarded "SPBA Heritage Brand Award" and the "SPBA – Distinctive Brand Award" by the ASME and Lianhe Zaobao

Jan 2005: "Halal" certification by Majlis Ugama Islam Singapura (MUIS)

## 2007

Awarded "Lifelong Learner Award, Corporate Category" by MediaCorp Radio, Singapore Workforce Development Agency, National Trade and Unions Congress and SPRING Singapore

May 2007: Obtained Hazard Analysis Critical Control Point (HACCP) certification for the manufacturing of curry puffs and implemented a quality assurance programme

## 2008

Launched "The Pie Kia Shop"

Listed on the Catalist

Launched flagship restaurant in Chengdu, PRC

## 2010

Recognised as an official caterer for the inaugural Singapore 2010 Youth Olympic Games and National Day Parade 2010

Launched "Mushroom" Cafe in the Park

## 2012

Hailed as one of the Best Fast-Food Chains in the World by Travel+Leisure, a travel magazine based in New York City, published 12 times a year and has 4.8 million readers around the world. Indeed, another testament to Singaporeans' value for quality food and a verification of Old Chang Kee's commitment to excellence

Launched "Curry Times"

Launched flagship outlet in Perth, Australia

## 2013

Our first 2-in-1 concept in Alexandra Retail Centre, with Old Chang Kee sharing the premise with Curry Times Tingkat

Launched our first Dip 'n' Go outlet at Woodlands MRT Station

## 2015

Launched our first Changi Airport outlet in Terminal 3, a 2-in-1 concept with Old Chang Kee sharing the premise with Curry Times

Winner of Influential Brands' Top 1 Brand, kiosk category

## 2016

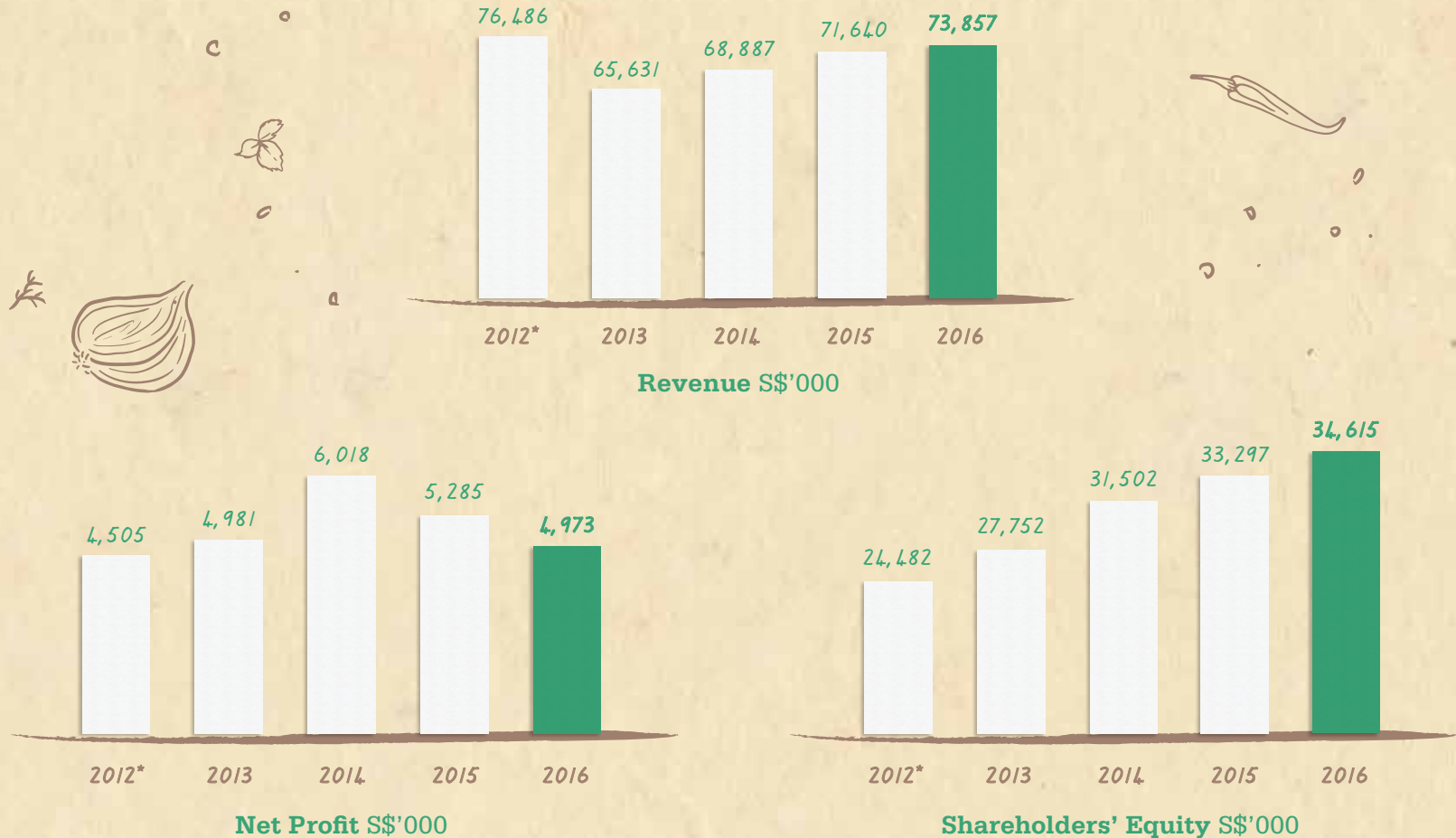
*Celebrating 60 years of history, as Old Chang Kee continues to be part of the Singapore story since 1956.*



# GROUP STRUCTURE



# FINANCIAL HIGHLIGHTS



\* The Group had changed its financial year end from 31 December to 31 March. The figures reported for FY2012 comprise 15 months, from 1 January 2011 to 31 March 2012.



<b>\$'000</b>	<b>2012*</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Revenue	76,486	65,631	68,887	71,640	<b>73,857</b>
Profit before taxation	5,330	6,063	7,244	6,708	<b>6,095</b>
Net profit attributable to shareholders	4,505	4,981	6,018	5,285	<b>4,973</b>
Shareholders' equity	24,482	27,752	31,502	33,297	<b>34,615</b>
Non-current assets	15,154	20,684	23,604	28,438	<b>31,334</b>
Current assets	19,380	20,021	22,937	23,628	<b>23,138</b>
Non-current liabilities	1,373	4,014	4,841	8,802	<b>8,917</b>
Current liabilities	8,679	8,939	10,198	9,967	<b>10,940</b>

### Financial Indicators

Profit before taxation margin	7.0%	9.2%	10.5%	9.4%	<b>8.3%</b>
Net profit margin	5.9%	7.6%	8.7%	7.4%	<b>6.7%</b>
Earnings per share (Singapore cents)	4.75	4.96	4.97	4.35	<b>4.10</b>
Net asset value per share (Singapore cents)	25.68	22.95	25.95	27.43	<b>28.52</b>
Return on equity	18.4%	17.9%	19.1%	15.9%	<b>14.4%</b>
Return on assets	13.0%	12.2%	12.9%	10.2%	<b>9.1%</b>
Current ratio	2.2 : 1	2.2 : 1	2.2:1	2.4:1	<b>2.1:1</b>

\* The Group had changed its financial year end from 31 December to 31 March. The figures reported for FY2012 comprise 15 months, from 1 January 2011 to 31 March 2012.

# BOARD OF DIRECTORS

## Han Keen Juan

*Executive Chairman*

Han Keen Juan is our Executive Chairman and the spouse of Mdm Ng Choi Hong, a deemed controlling shareholder of the Company. He is involved in the overall management of the Group and leads the Group in setting the Group's mission and objectives as well as developing the overall business strategies. He has more than 30 years of sales experience and was instrumental in the establishment, development and expansion of our Group's business.

## Lim Tao-E William

*Executive Director and Chief Executive Officer*

William Lim, our Chief Executive Officer ("CEO"), joined the Group in 1995. William is the nephew of Mr Han Keen Juan and Mdm Ng Choi Hong, and cousin of Ms Chow Hui Shien. He is responsible for the development of new products, expansion of our business into overseas markets, and overseeing the business and sales development strategies.

William has more than 20 years of sales experience. He graduated with a Bachelor of Commerce from the Curtin University of Technology in Australia.

## Chow Hui Shien

*Executive Director and Deputy Chief Executive Officer*

Chow Hui Shien, our Deputy CEO, was appointed as our Executive Director on 27 July 2012. Hui Shien is the niece of Mr Han Keen Juan and Mdm Ng Choi Hong, and cousin of Mr Lim Tao-E William. She joined the Group in 2004 with more than seven years of experience in general management. She is responsible for overseeing the general management of our Group including production, logistics, marketing and retail operations. She also participates actively in formulating various branding exercises, business development and sourcing for strategic locations at which to set up new retail outlets for our Group.

Prior to joining our Group, Hui Shien assisted in the incorporation of Hainan Treats Pte. Ltd. and was subsequently appointed as its manager. Her duties included overseeing the retail and production operations and the sales and marketing activities of the Company. She graduated with a Bachelor of Business from the Monash University, Melbourne.

## Ong Chin Lin

*Lead Independent Director*

Ong Chin Lin, appointed as our Lead Independent Director on 16 November 2007, is currently also an independent director of Acesian Partners Limited (formerly known as Linair Technologies Limited). He has more than 30 years of working experience to date and had previously held positions such as group accountant of Prima Flour Ltd, finance and operation director of Malaysia-Beijing Travel Sdn Bhd, leasing manager of Far East Organisation Pte Ltd and financial controller of Nylect Technology Limited.

He graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University. He is an associated member and a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysia Institute of Accountants.



## **Audrey Yap Su Ming**

*Independent Director*

Audrey Yap Su Ming, appointed as our Independent Director on 24 July 2014, is the managing partner of intellectual property (“IP”) specialist law firm, Yusarn Audrey. Known as one of Singapore’s outstanding IP experts, Audrey has an international reputation, and has received numerous awards for her role in shaping IP portfolios of companies and industries, and advising countries on IP policies.

Audrey is the only lawyer in Singapore who has been named one of the World’s Leading IP Strategists in a London based survey conducted by IAM magazine from 2009 till 2016, 8 years running.

Audrey was listed as one of Singapore’s leading lawyers in the 2008 Who’s Who Legal and named by Euromoney as one of the top Women Business lawyers in Singapore.

Audrey is a Member of the Board of Directors, IP Office of Singapore, an Advisor of IP ValueLabs and Director of IPOS International, a subsidiary of IPOS.

Audrey served as regional consultant for the World Intellectual Property Organisation (“WIPO”), a UN specialised agency from 2004-2006 to look at harnessing IP for growth for ASEAN. Audrey was selected by WIPO to serve on a high level expert panel in 2015 on International Technology Transfer in Geneva under the WIPO Development Agenda framework.

She is an Adjunct Fellow with the IP Academy of Singapore and a Notary Public.

In 2012, Audrey served on the IPOS Steering Committee on a National IP Competency Framework as well as on the IP Sub Committee on “Developing a vibrant market place for IP transactions and commercialisation” for the purpose of the IP Hub Master Plan for Singapore, launched in March 2013.

She is Chairman of the SMEC Innovation Committee, Singapore Business Federation and LES International Vice President.

Audrey is a qualified lawyer in Singapore and Malaysia, a solicitor of England and Wales, and is a registered patent agent in Singapore.

## **Zainudin Bin Nordin**

*Independent Director*

Zainudin Bin Nordin, appointed as our Independent Director on 28 July 2015, is currently the President of the Football Association of Singapore, President of the French Alumni of Singapore and the Executive Director of AMS Marine Services Group. Zainudin was Mayor of Central Singapore District from 2006 to 2011. He was the Member of Parliament for Bishan-Toa Payoh Group Representation Constituency (GRC) for the period from 2001 to 2015.

Zainudin also holds directorships in a number of companies including Mendaki Social Enterprise Network Singapore Pte Ltd, Celestine Management Pte Ltd and AFF Pte Ltd. He holds a Diplôme d’ingénieur en électronique et électrotechnique (which is equivalent to a Master of Science in Electrical and Electronics Engineering) from ESIEE Paris, France.

# KEY MANAGEMENT

## **Song Yeow Chung**

*Group Financial Controller*

Song Yeow Chung, who joined the Group in January 2010, is responsible for the Group's full spectrum of financial functions, including financial and management accounting, budgeting and forecasting, as well as internal controls and compliance with corporate, legal, tax, and accounting requirements. He has more than 14 years of experience in financial auditing and accounting.

He is a member of the Institute of Singapore Chartered Accountants and graduated with a Bachelor of Accountancy (Honours) from Nanyang Technological University.

## **Philip Chow Phee Liat**

*Overseas Business Development, Senior Manager*

Philip Chow Phee Liat joined the Group in April 2005 and is responsible for overseeing the overseas business operations of the Group since December 2013. He was also appointed as an Executive Director of Old Chang Kee Manufacturing Sdn Bhd, the Group's wholly owned subsidiary in November 2014. As Senior Manager for Overseas Business Development, he is responsible for business development in overseas markets as well as overall management of the Group's manufacturing facility in Iskandar Malaysia.

## **Jacky Lee Ah Huat**

*Head of Production, Senior Manager*

Jacky joined the Group in April 2011, and is responsible for overseeing the Group's research and development and food production processes and ensuring that they comply with the stringent standards and procedures established by the Group. Prior to assuming his current position as Head of Production in June 2013, he was the Group's Production Head for Breakfast and Catering, where he was responsible for overseeing the Group's production processes for breakfast products and catering orders.

## **Don Soh Wen Jie**

*Retail Operations Manager*

Don joined the Group in May 2010 and is responsible for overseeing the retail operations of Old Chang Kee and Curry Times outlets, and assisting the Deputy CEO in business development of the Group's business units. Prior to assuming his current position as Retail Operations Manager, he was the Group's Assistant Manager for Retail and Deputy CEO Office, where he was responsible for overseeing the smooth running of the Group's retail outlets and assisting the Deputy CEO in business development of the Group's business units. Don holds a Diploma in Hotel Management from the Singapore Hotel and Tourism Education Centre.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Han Keen Juan  
Lim Tao-E William  
Chow Hui Shien  
Ong Chin Lin  
Audrey Yap Su Ming  
Zainudin Bin Nordin

Executive Chairman  
Executive Director and Chief Executive Officer  
Executive Director and Deputy Chief Executive Officer  
Lead Independent Director  
Independent Director  
Independent Director

## NOMINATING COMMITTEE

Audrey Yap Su Ming - Chairman  
Ong Chin Lin  
Zainudin Bin Nordin

## REMUNERATION COMMITTEE

Zainudin Bin Nordin - Chairman  
Ong Chin Lin  
Audrey Yap Su Ming

## AUDIT COMMITTEE

Ong Chin Lin - Chairman  
Audrey Yap Su Ming  
Zainudin Bin Nordin

## COMPANY SECRETARIES

Adrian Chan Pengee  
Lun Chee Leong  
Song Yeow Chung

## REGISTERED OFFICE

2 Woodlands Terrace  
Singapore 738427  
Tel: (65) 6303 2400  
Fax: (65) 6303 2415  
Email: [contact@oldchangkee.com](mailto:contact@oldchangkee.com)

## SHARE REGISTRAR

Boardroom Corporate &  
Advisory Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Towers  
Singapore 048623

## BANKERS

Oversea-Chinese Banking Corporation Ltd  
United Overseas Bank Limited  
DBS Bank Ltd.

## AUDITORS

Ernst & Young LLP  
Public Accountants and  
Certified Public Accountants  
One Raffles Quay  
North Tower Level 18  
Singapore 048583

## AUDIT PARTNER-IN-CHARGE

Christine Lee  
(Appointed since financial year  
ended 31 March 2016)

## SPONSOR

PrimePartners Corporate Finance Pte. Ltd.  
16 Collyer Quay  
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Singapore 049318

# CORPORATE GOVERNANCE AND FINANCIAL CONTENTS

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# CORPORATE GOVERNANCE

## DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “**Board**”) of Old Chang Kee Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 March 2016 (“**FY2016**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”). This report adopts the question-and-answer format of the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?  If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code, where applicable.  Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2016.



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation														
<b>BOARD MATTERS</b>																
<b>The Board's Conduct of Affairs</b>																
1.1 1.2	What is the role of the Board?	<p>The Board comprises six members of whom three are Independent Directors and three are Executive Directors as follows:</p> <table border="1"> <caption><b>Table 1 – Composition of the Board</b></caption> <thead> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Han Keen Juan</td> <td>Executive Chairman</td> </tr> <tr> <td>Lim Tao-E William</td> <td>Executive Director and Chief Executive Officer (“<b>CEO</b>”)</td> </tr> <tr> <td>Chow Hui Shien</td> <td>Executive Director and Deputy Chief Executive Officer</td> </tr> <tr> <td>Ong Chin Lin</td> <td>Lead Independent Director</td> </tr> <tr> <td>Audrey Yap Su Ming</td> <td>Independent Director</td> </tr> <tr> <td>Zainudin Bin Nordin</td> <td>Independent Director</td> </tr> </tbody> </table> <p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are to:</p> <p>(a) provide entrepreneurial leadership, set out overall long term strategic plans and objectives for the Group and ensure that the necessary financial and human resources are in place to meet its objectives;</p> <p>(b) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets, to review, assess and manage internal controls and risk management;</p>	Name of Director	Designation	Han Keen Juan	Executive Chairman	Lim Tao-E William	Executive Director and Chief Executive Officer (“ <b>CEO</b> ”)	Chow Hui Shien	Executive Director and Deputy Chief Executive Officer	Ong Chin Lin	Lead Independent Director	Audrey Yap Su Ming	Independent Director	Zainudin Bin Nordin	Independent Director
Name of Director	Designation															
Han Keen Juan	Executive Chairman															
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Chow Hui Shien	Executive Director and Deputy Chief Executive Officer															
Ong Chin Lin	Lead Independent Director															
Audrey Yap Su Ming	Independent Director															
Zainudin Bin Nordin	Independent Director															



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																				
		<p>(c) review Management's performance;</p> <p>(d) identify key stakeholder groups and ensure good corporate governance practices to protect the interests of shareholders and recognise that their perceptions affect the Company's reputation; and</p> <p>(e) appoint or nominate persons to be appointed as Directors (on the advice of the Nominating Committee) and to appoint key executives.</p>																				
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>To facilitate effective execution of its functions, the Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). The compositions of the Board Committees are as follows:</p> <table border="1" data-bbox="746 772 1732 978"> <thead> <tr> <th colspan="4"><b>Table 2 – Composition of the Board Committees</b></th> </tr> <tr> <th></th> <th><b>AC</b></th> <th><b>NC</b></th> <th><b>RC</b></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Ong Chin Lin</td> <td>Audrey Yap Su Ming</td> <td>Zainudin Bin Nordin</td> </tr> <tr> <td>Member</td> <td>Audrey Yap Su Ming</td> <td>Ong Chin Lin</td> <td>Audrey Yap Su Ming</td> </tr> <tr> <td>Member</td> <td>Zainudin Bin Nordin</td> <td>Zainudin Bin Nordin</td> <td>Ong Chin Lin</td> </tr> </tbody> </table> <p>These Board Committees operate under clearly defined terms setting out their respective roles and report to the Board on the outcome and recommendations as discussed during their respective committee meetings. The terms and the effectiveness of each Board Committee are also reviewed by the Board on a regular basis.</p>	<b>Table 2 – Composition of the Board Committees</b>					<b>AC</b>	<b>NC</b>	<b>RC</b>	Chairman	Ong Chin Lin	Audrey Yap Su Ming	Zainudin Bin Nordin	Member	Audrey Yap Su Ming	Ong Chin Lin	Audrey Yap Su Ming	Member	Zainudin Bin Nordin	Zainudin Bin Nordin	Ong Chin Lin
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Chairman	Ong Chin Lin	Audrey Yap Su Ming	Zainudin Bin Nordin																			
Member	Audrey Yap Su Ming	Ong Chin Lin	Audrey Yap Su Ming																			
Member	Zainudin Bin Nordin	Zainudin Bin Nordin	Ong Chin Lin																			



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																		
1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets regularly on a quarterly basis, and additional meetings for particular matters will be convened as and when they are deemed necessary. In FY2016, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 3 – Board and Board Committee Meetings in FY2016</b></th> </tr> <tr> <th></th> <th><b>Board</b></th> <th><b>AC</b></th> <th><b>NC</b></th> <th><b>RC</b></th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <th><b>Name of Director</b></th> <th colspan="4"><b>Number of Meetings Attended</b></th> </tr> <tr> <td>Han Keen Juan</td> <td>3</td> <td>3*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Lim Tao-E William</td> <td>4</td> <td>4*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Chow Hui Shien</td> <td>4</td> <td>4*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Ong Chin Lin</td> <td>3</td> <td>3</td> <td>1</td> <td>1</td> </tr> <tr> <td>Audrey Yap Su Ming</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Zainudin Bin Nordin#</td> <td>3</td> <td>3</td> <td>–</td> <td>–</td> </tr> </tbody> </table> <p>* By invitation # Appointed as a Director of the Company at the annual general meeting held on 28 July 2015.</p> <p>The Company's Constitution (the "<b>Constitution</b>") provides for Directors to convene meetings other than physical meetings, by teleconferencing or videoconferencing.</p>	<b>Table 3 – Board and Board Committee Meetings in FY2016</b>						<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>	Number of Meetings Held	4	4	1	1	<b>Name of Director</b>	<b>Number of Meetings Attended</b>				Han Keen Juan	3	3*	1*	1*	Lim Tao-E William	4	4*	1*	1*	Chow Hui Shien	4	4*	1*	1*	Ong Chin Lin	3	3	1	1	Audrey Yap Su Ming	4	4	1	1	Zainudin Bin Nordin#	3	3	–	–
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Zainudin Bin Nordin#	3	3	–	–																																																
1.5	What are the types of material transactions which require approval from the Board?	<p>The Board continues to approve matters within its statutory responsibilities. Specifically, the Board has direct responsibility for decision making in the following:</p> <p>(a) corporate strategies;</p> <p>(b) major investment and divestment proposals;</p>																																																		



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(c) material acquisitions and disposals of assets;</p> <p>(d) material interested person transactions;</p> <p>(e) major financing, corporate financial restructuring plans and changes in the capital of the Company;</p> <p>(f) approval of financial results announcements, annual reports and audited financial statements; and</p> <p>(g) the proposal of dividends and other returns to shareholders.</p>
1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p>	<p>The Board ensures that all newly appointed Directors undergo a familiarisation programme where the Director would be briefed on the Group's history, strategic direction, governance practices, business and organisation structure, as well as the expected duties and obligations of a director of a listed company, details of which are set out in a formal appointment letter provided to such newly appointed Directors. To attain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel.</p> <p>The Company will also provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge as appropriate.</p>
	<p>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</p>	<p>The Company funds and arranges for the Directors to receive regular training. In this connection, the Company's external auditors conducted a briefing session for the Board during FY2016 on the changes to the accounting standards, laws, and regulations during the quarterly AC meetings. The Company Secretary also briefed the Board on the new regulatory developments, which included topics such as the new enforcement powers of the SGX-ST, the financial reporting surveillance programme, the enhanced auditor's report and sustainability reporting during FY2016. Mr Zainudin Bin Nordin, who was newly appointed to the Board on 28 July 2015, attended the "Board and Director Fundamentals" course conducted by the Singapore Institute of Directors.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Board Composition and Guidance</b>		
2.1 2.2	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	In view that the Chairman of the Board, Mr Han Keen Juan, is part of the management team, Guideline 2.2 of the Code is complied with as the Independent Directors make up at least half of the Board.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	Mr Ong Chin Lin, Ms Audrey Yap Su Ming and Mr Zainudin Bin Nordin have confirmed that they do not have any relationship with the Company or its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, in accordance with the Code.  The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review. The NC has reviewed and determined that the said Directors are independent.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																	
2.4	Has any Independent Director served on the Board for more than nine years from the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There is no Independent Director who has served on the Board beyond nine years since the date of his/her first appointment.																																	
2.5	Does the Board consider its board size to be appropriate?	The Board considers its current board size appropriate to effectively facilitate the operations of the Group.																																	
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p>	<p>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</p> <p>The current Board composition provides a good balance and diversity of skills, experience, gender and knowledge to the Company as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Table 4 – Balance and Diversity of the Board</b></th> </tr> <tr> <th style="width: 70%;"></th> <th style="text-align: center;">Number of Directors</th> <th style="text-align: center;">Proportion of Board</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Core Competencies</b></td> </tr> <tr> <td>- Accounting or finance</td> <td style="text-align: center;">6</td> <td style="text-align: center;">6/6</td> </tr> <tr> <td>- Business management</td> <td style="text-align: center;">6</td> <td style="text-align: center;">6/6</td> </tr> <tr> <td>- Legal or corporate governance</td> <td style="text-align: center;">6</td> <td style="text-align: center;">6/6</td> </tr> <tr> <td>- Relevant industry knowledge or experience</td> <td style="text-align: center;">5</td> <td style="text-align: center;">5/6</td> </tr> <tr> <td>- Strategic planning experience</td> <td style="text-align: center;">6</td> <td style="text-align: center;">6/6</td> </tr> <tr> <td colspan="3"><b>Gender</b></td> </tr> <tr> <td>- Male</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4/6</td> </tr> <tr> <td>- Female</td> <td style="text-align: center;">2</td> <td style="text-align: center;">2/6</td> </tr> </tbody> </table>	<b>Table 4 – Balance and Diversity of the Board</b>				Number of Directors	Proportion of Board	<b>Core Competencies</b>			- Accounting or finance	6	6/6	- Business management	6	6/6	- Legal or corporate governance	6	6/6	- Relevant industry knowledge or experience	5	5/6	- Strategic planning experience	6	6/6	<b>Gender</b>			- Male	4	4/6	- Female	2	2/6
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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <p>(i) Annual review by the NC to assess whether the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</p> <p>(ii) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</p> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p> <p>Additionally, members of the Board are constantly in touch with the Management to provide advice and guidance on strategic issues and on matters for which their expertise will be constructive to the Group. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.</p>
2.7	What are the roles of the Non-Executive Directors?	The Independent Directors are non-executive Directors of the Company. They constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	Due to competing time schedules in FY2016, the Independent Non-Executive Directors have not met as a group in the absence of key management personnel. However, in FY2016, the Non-Executive Directors met with the internal and external auditors of the Company without the presence of key management personnel at least once, as mentioned in Guideline 12.5 of this Corporate Governance Report, and will look to schedule such meetings in the financial year ending 31 March 2017.



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Chairman and Chief Executive Officer</b>		
3.1 3.2	Are the duties between Chairman and CEO segregated?	<p>The Company believes in a clear division of responsibilities between the Executive Chairman and the CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.</p> <p>The Executive Chairman and CEO of the Company are Mr Han Keen Juan and Mr Lim Tao-E William respectively. The Executive Chairman is responsible for the overall management of the Group and leads the Group in setting the Group's mission and objectives as well as developing the overall business strategies. The Executive Chairman also ensures that Board meetings are held when necessary, sets the Board agenda and ensures that all Board members are provided with complete, adequate and timely information. The CEO bears the overall operational responsibility for the Group's business, including the development of new products, expansion of the Group's business into overseas markets, and overseeing the business and sales development strategies.</p> <p>The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.</p>
3.3	Does the Company have a lead independent director? What is the role of the lead independent director?	<p>The CEO of the Company, Mr Lim Tao-E William is the nephew of Mr Han Keen Juan, the Executive Chairman of the Company. To promote good corporate governance in view of the relationship between the Company's Executive Chairman, Mr Han Keen Juan and the Company's CEO, Mr Lim Tao-E William, and taking into consideration the fact that they are both part of the Executive Management Team, the Company has appointed Mr Ong Chin Lin as the Company's Lead Independent Director, pursuant to the recommendations of the Code. Shareholders will be able to consult the Lead Independent Director to address their concerns for which contact through the normal channels of the Executive Chairman, CEO or Group Financial Controller has failed to resolve or for which such contact is inappropriate.</p> <p>The role of the Lead Independent Director also includes meeting with the other Independent Directors without the presence of the Executive Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
3.4	Have the Independent Directors met in the absence of key management personnel?	Please refer to Guideline 2.8 of this Corporate Governance Report.
<b>Board Membership</b>		
4.1 4.2	What are the duties of the NC?	<p>The NC comprises Ms Audrey Yap Su Ming, as Chairman, with Mr Ong Chin Lin and Mr Zainudin Bin Nordin as members. All members of the NC are Non-Executive Independent Directors and are not directly associated with any substantial shareholder of the Company.</p> <p>The NC is governed by written terms of reference under which it is responsible for, amongst others:</p> <ul style="list-style-type: none"> <li>(a) determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;</li> <li>(b) reviewing the independence of any director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;</li> <li>(c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments<sup>1</sup>;</li> <li>(d) making recommendations to the Board on relevant matters relating to: <ul style="list-style-type: none"> <li>(i) the development of a process for evaluation of the performance of the Board, its board committees and directors; and</li> <li>(ii) the appointment and re-appointment of directors (including alternate directors, if applicable);</li> </ul> </li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(e) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value;</p> <p>(f) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its board committees and the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board;</p> <p>(g) based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members; and</p> <p>(h) the review of board succession plans for directors, in particular, the Chairman and for the CEO.</p> <p><sup>1</sup> The term "<b>principal commitments</b>" shall include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments are not normally considered principal commitments.</p>
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	For the reasons explained in Guideline 4.4(b) below, the Board has not prescribed a maximum number of listed company board representations that each Director may hold.



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(b) If a maximum has not been determined, what are the reasons?</p>	<p>The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. In making this assessment, the NC adopts a holistic approach by taking into consideration, <i>inter alia</i>, the contributions by the Directors during meetings and their attendance at such meetings. The NC also believes that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.</p> <p>Furthermore, the Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his or her duties should not be dependent on or restricted to such Director's number of board representations.</p> <p>For FY2016, the Board is satisfied that the Directors have given sufficient time and attention to the affairs of the Group to discharge their duties as Directors. Of the six Directors of the Company, only one Independent Director holds one other directorship in another listed company. The three Executive Directors do not hold any directorships in other listed companies.</p> <p>As such, the Board does not propose to set a maximum number of listed company board representations which directors may hold until such need arises. The Board will continue to review from time to time the number of listed company representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.</p>
	<p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>The specific considerations in assessing the capacity of the Directors include the following:</p> <ul style="list-style-type: none"> <li>(i) the expected and/or competing time commitments of the Directors;</li> <li>(ii) the geographical location of the Directors;</li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation															
		(iii) the size and composition of the Board; and  (iv) the nature and scope of the Group's operations and size.															
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2016.															
4.5	Are there alternate Directors?	The Company does not have any alternate directors.															
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Table 5(a) – Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td style="width: 5%; text-align: center;">1.</td> <td style="width: 45%;">Determination of selection criteria</td> <td>The NC evaluates the balance of skills, knowledge, experience and gender of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment to complement and strengthen the Board and increase its diversity.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Search for suitable candidates</td> <td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary to source for potential candidates.</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Assessment of shortlisted candidates</td> <td>The NC would meet with and interview the shortlisted candidates to assess their suitability to ensure that the candidates are aware of the expectations and the level of commitment required of them.</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Appointment of director</td> <td>The NC would then recommend the selected candidate to the Board for its consideration and approval.</td> </tr> </tbody> </table>	<b>Table 5(a) – Process for the Selection and Appointment of New Directors</b>			1.	Determination of selection criteria	The NC evaluates the balance of skills, knowledge, experience and gender of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment to complement and strengthen the Board and increase its diversity.	2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary to source for potential candidates.	3.	Assessment of shortlisted candidates	The NC would meet with and interview the shortlisted candidates to assess their suitability to ensure that the candidates are aware of the expectations and the level of commitment required of them.	4.	Appointment of director	The NC would then recommend the selected candidate to the Board for its consideration and approval.
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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
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# CORPORATE GOVERNANCE

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		Ms Audrey Yap Su Ming will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the NC and a member of the RC and the AC. She is the Managing Partner of Yusarn Audrey, a law firm which provides professional advice on trademarks and franchising matters to the Group. The Board considers Ms Audrey Yap Su Ming to be independent for the purpose of Rule 704(7) of the SGX-ST Listing Manual Section B : Rules of Catalist (the " <b>Catalist Rules</b> "). Save for the aforementioned, Ms Audrey Yap Su Ming does not have any relationships including immediate family relationships between herself and the Directors, the Company and its 10% shareholders.																									
4.7	Please provide Directors' key information.	<p>The shareholdings held by the Directors in the Company and its subsidiary companies are set out on page 57 of this Annual Report. Their Board membership, date of first appointment and date of last re-election as Director, present and past directorships over the last preceding three (3) years in other listed companies are set out below:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Board Membership</th> <th>Date of first appointment</th> <th>Date of last re-election</th> <th>Directorships in other listed companies</th> </tr> </thead> <tbody> <tr> <td>Han Keen Juan</td> <td>Executive / Non-independent</td> <td>16 December 2004</td> <td>30 June 2007</td> <td>None</td> </tr> <tr> <td>Lim Tao-E William</td> <td>Executive / Non-independent</td> <td>16 December 2004</td> <td>26 June 2006</td> <td>None</td> </tr> <tr> <td>Chow Hui Shien</td> <td>Executive / Non-independent</td> <td>27 July 2012</td> <td>24 July 2014</td> <td>None</td> </tr> <tr> <td>Ong Chin Lin</td> <td>Non-Executive / Independent</td> <td>16 November 2007</td> <td>28 July 2015</td> <td>Acesian Partners Limited (formerly known as Linar Technologies Limited)  Yi-Lai Berhad (Resigned on 27 January 2016)</td> </tr> </tbody> </table>	Name of Director	Board Membership	Date of first appointment	Date of last re-election	Directorships in other listed companies	Han Keen Juan	Executive / Non-independent	16 December 2004	30 June 2007	None	Lim Tao-E William	Executive / Non-independent	16 December 2004	26 June 2006	None	Chow Hui Shien	Executive / Non-independent	27 July 2012	24 July 2014	None	Ong Chin Lin	Non-Executive / Independent	16 November 2007	28 July 2015	Acesian Partners Limited (formerly known as Linar Technologies Limited)  Yi-Lai Berhad (Resigned on 27 January 2016)
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<b>Board Performance</b>		Further details of the Directors, including their profile and principal commitments, are set out on pages 16 to 17 of this Annual Report.																			
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>The NC will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, to evaluate how the Board has enhanced long-term shareholders' value. As the Company does not have any major direct public-listed competitors, the Board's performance evaluation has not included a benchmark index of its industry peers and its share price performance over a 5-year period. Nonetheless, the Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and each individual Director to the effective functioning of the Board, based on a set of criteria.</p> <p>The NC conducts a formal review of the Board performance annually, by way of a board performance evaluation form which is circulated to the Board members for completion, to evaluate and assess the effectiveness of the Board as a whole and its Board Committees. The NC also conducts a formal review of the contributions and performance of each individual Director through peer evaluation by way of a directors' assessment checklist circulated to all Directors for completion.</p>																			



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
		<p>Table 6 sets out the performance criteria used in the board performance evaluation form and the directors' assessment checklist respectively, as recommended by the NC and approved by the Board. The NC and the Board will review such criteria from time to time, where appropriate.</p> <table border="1" data-bbox="748 520 1736 934"> <thead> <tr> <th colspan="2" data-bbox="748 520 1736 560"><b>Table 6 – Performance Criteria</b></th> </tr> <tr> <th data-bbox="748 560 1241 632"><b>Board and Board Committees: Board Performance Evaluation Form</b></th> <th data-bbox="1241 560 1736 632"><b>Individual Directors: Directors' Assessment Checklist</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="748 632 1241 934"> <ol style="list-style-type: none"> <li>1. Board structure</li> <li>2. Conduct of meetings/ affairs</li> <li>3. Risk management and internal controls</li> <li>4. Recruitment and evaluation</li> <li>5. Compensation</li> <li>6. Succession planning</li> <li>7. Financial reporting</li> <li>8. Communicating with shareholders</li> <li>9. Assessment of the Chairman and Board Committees</li> </ol> </td> <td data-bbox="1241 632 1736 934"> <ol style="list-style-type: none"> <li>1. Attendance at meetings</li> <li>2. Contributions at meetings and in other areas (e.g. committees/ projects)</li> <li>3. Interactive and personal skills</li> <li>4. Knowledge, analytical skills and relevant experience</li> <li>5. Preparedness for the meetings</li> </ol> </td> </tr> </tbody> </table>	<b>Table 6 – Performance Criteria</b>		<b>Board and Board Committees: Board Performance Evaluation Form</b>	<b>Individual Directors: Directors' Assessment Checklist</b>	<ol style="list-style-type: none"> <li>1. Board structure</li> <li>2. Conduct of meetings/ affairs</li> <li>3. Risk management and internal controls</li> <li>4. Recruitment and evaluation</li> <li>5. Compensation</li> <li>6. Succession planning</li> <li>7. Financial reporting</li> <li>8. Communicating with shareholders</li> <li>9. Assessment of the Chairman and Board Committees</li> </ol>	<ol style="list-style-type: none"> <li>1. Attendance at meetings</li> <li>2. Contributions at meetings and in other areas (e.g. committees/ projects)</li> <li>3. Interactive and personal skills</li> <li>4. Knowledge, analytical skills and relevant experience</li> <li>5. Preparedness for the meetings</li> </ol>
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	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>In FY2016, all Directors individually completed a board performance evaluation form and a directors' assessment checklist, based on the criteria disclosed in Table 6 above. The Company Secretary collated and submitted the results to the Chairman of the NC in the form of a report. Thereafter, the NC discussed the report and concluded the performance results during the NC meeting.</p> <p>For FY2016, the NC confirmed that the Board as a whole and its Board Committees were effective and that each individual Director contributed to the Board.</p>						



# CORPORATE GOVERNANCE

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		All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.  The Company Secretary acts as an external facilitator in the evaluation process.
	(b) Has the Board met its performance objectives?	The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs for FY2016, is of the view that the performance of the Board as a whole has been satisfactory, and that the Board has met its performance objectives.

## Access to Information

6.1 6.2 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>The Management provides the Directors with the relevant board papers and information (such as related materials, background or explanatory information relating to matters to be brought before the Board) in a timely manner prior to each Board meeting. The Board is provided with the contact details of key executives and has separate and independent access to such persons.</p> <table border="1"> <caption><b>Table 7 – Types of information provided by key management personnel to Independent Directors</b></caption> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Quarterly</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates</td> <td>Quarterly</td> </tr> <tr> <td>3.</td> <td>Management accounts (with financial variance analysis), and external auditor's and internal auditor's report(s)</td> <td>Quarterly</td> </tr> <tr> <td>4.</td> <td>Enterprise risk management report framework</td> <td>Quarterly</td> </tr> <tr> <td>5.</td> <td>Updates on the Group's whistle blowing policy</td> <td>Quarterly</td> </tr> </tbody> </table>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly	2.	Updates to the Group's operations and the markets in which the Group operates	Quarterly	3.	Management accounts (with financial variance analysis), and external auditor's and internal auditor's report(s)	Quarterly	4.	Enterprise risk management report framework	Quarterly	5.	Updates on the Group's whistle blowing policy	Quarterly
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		Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
6.3 6.4	What is the role of the Company Secretary?	<p>The Board is provided with the contact details of the Company Secretary and has separate and independent access to the Company Secretary.</p> <p>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:</p> <ul style="list-style-type: none"> <li>(i) Ensure that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore (the "Act") and the Catalist Rules, are complied with;</li> <li>(ii) Assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;</li> <li>(iii) Assist the Chairman to ensure good information flows within the Board and its committees and key management personnel;</li> <li>(iv) Facilitate orientation and assist with professional development as required;</li> <li>(v) Train, design and implement a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information;</li> <li>(vi) Attend and prepare minutes for all Board meetings;</li> <li>(vii) As secretary to all the other Board Committees, ensure coordination and liaison between the Board, the Board Committees and key management personnel; and</li> <li>(viii) Assist the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.</li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.5	Are the Directors entitled to seek independent professional advice at the expense of the Company?	The Directors are entitled individually or as a group, to seek independent professional advice at the expense of the Company, in furtherance of their duties.
<b>REMUNERATION MATTERS</b>		
<b>Developing Remuneration Policies</b>		
7.1 7.2	What is the role of the RC?	<p>The RC comprises Mr Zainudin Bin Nordin as Chairman, and Mr Ong Chin Lin and Ms Audrey Yap Su Ming as members. All members of the RC are Non-Executive Independent Directors.</p> <p>The RC is governed by written terms of reference under which it is responsible for, amongst others:</p> <ul style="list-style-type: none"> <li>(a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key executives, which will be submitted for endorsement by the entire Board;</li> <li>(b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key executives;</li> <li>(c) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;</li> <li>(d) reviewing whether executive Directors, non-executive Directors and key executives should be eligible for options, share incentives, awards and other benefits under long term incentive schemes; and</li> <li>(e) generally, perform such other functions and duties as may be required by the relevant laws or provisions of the Catalist Rules and the Code (as may be amended from time to time).</li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her remuneration package.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2016.
<b>Level and Mix of Remuneration</b>		
8.1 8.3	Are the Directors' remuneration structured so as to link rewards to corporate and individual performance?	<p>The Non-Executive Independent Directors do not have any service contracts and are paid (i) basic directorship fees; and (ii) additional fees for serving as the Chairman on each of the Board Committees. The RC recommends the payment of such fees in accordance with the contributions of the Independent Directors, taking into account factors such as effort and time spent and the responsibilities of the Independent Directors, which will then be endorsed by the Board and subjected to the approval of shareholders at the AGM.</p> <p>The Company has entered into service agreements with three Executive Directors, namely Mr Han Keen Juan, Mr Lim Tao-E William and Ms Chow Hui Shien. The service agreements with the Executive Directors are for a period of three years. The Executive Directors will not be receiving any Directors' fees from the Company or its subsidiary companies and their remuneration comprises a basic salary, a fixed bonus and a variable performance bonus which is based on the performance of the Group.</p>
8.4	Has the Company considered the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company?	The Company currently does not have contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company shall consider the said contractual provisions to be included in future renewals of service contracts as recommended by the Code. Save as aforesaid, the Company reserves the rights to employ legal recourse should any Director and/or key management personnel wilfully and negligently engage in any misconduct.



# CORPORATE GOVERNANCE

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<b>Disclosure on Remuneration</b>																																																																				
9	What is the Company's remuneration policy?	The RC will review at least annually all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses and benefits-in-kind to ensure that the remuneration packages are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company, key executives to successfully manage the Company and employees capable of meeting the Company's objectives and that the remuneration commensurate to such person's duties and responsibilities.																																																																		
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2016 is as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Fixed remuneration (%)</th> <th>Performance Bonus (%)</th> <th>Directors Fees (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td><b>Band VI: Between S\$1,250,001 and S\$1,500,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Han Keen Juan</td> <td>57</td> <td>41</td> <td>–</td> <td>2</td> <td>100</td> </tr> <tr> <td><b>Band V: Between S\$1,000,001 and S\$1,250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Tao-E William</td> <td>57</td> <td>41</td> <td>–</td> <td>2</td> <td>100</td> </tr> <tr> <td><b>Band III: Between S\$500,001 and S\$750,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chow Hui Shien</td> <td>46</td> <td>52</td> <td>–</td> <td>2</td> <td>100</td> </tr> <tr> <td><b>Band I: Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ong Chin Lin</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Audrey Yap Su Ming</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> <tr> <td>Zainudin Bin Nordin</td> <td>–</td> <td>–</td> <td>100</td> <td>–</td> <td>100</td> </tr> </tbody> </table>	Name	Fixed remuneration (%)	Performance Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)	<b>Band VI: Between S\$1,250,001 and S\$1,500,000</b>						Han Keen Juan	57	41	–	2	100	<b>Band V: Between S\$1,000,001 and S\$1,250,000</b>						Lim Tao-E William	57	41	–	2	100	<b>Band III: Between S\$500,001 and S\$750,000</b>						Chow Hui Shien	46	52	–	2	100	<b>Band I: Below S\$250,000</b>						Ong Chin Lin	–	–	100	–	100	Audrey Yap Su Ming	–	–	100	–	100	Zainudin Bin Nordin	–	–	100	–	100
Name	Fixed remuneration (%)	Performance Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)																																																															
<b>Band VI: Between S\$1,250,001 and S\$1,500,000</b>																																																																				
Han Keen Juan	57	41	–	2	100																																																															
<b>Band V: Between S\$1,000,001 and S\$1,250,000</b>																																																																				
Lim Tao-E William	57	41	–	2	100																																																															
<b>Band III: Between S\$500,001 and S\$750,000</b>																																																																				
Chow Hui Shien	46	52	–	2	100																																																															
<b>Band I: Below S\$250,000</b>																																																																				
Ong Chin Lin	–	–	100	–	100																																																															
Audrey Yap Su Ming	–	–	100	–	100																																																															
Zainudin Bin Nordin	–	–	100	–	100																																																															



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Directors' remuneration for the financial year ended 31 March 2016 has been disclosed in bands of S\$250,000. The remuneration of each individual Director to the nearest thousands is not disclosed due to competitive pressures in the industry and talent market.</p> <p>There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and top key management personnel.</p>
9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>For competitive reasons and to maintain confidentiality of staff remuneration in the interest of the Company, the names and remuneration details of the top five key executives, including the aggregate remuneration paid to the top five key executives, are not disclosed.</p> <p>The remuneration for each of the top five key executives (who are not Directors) for the financial year ended 31 March 2016 fell within the band of S\$250,000 and below.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	Mr Philip Chow Phee Liat is the brother of Ms Chow Hui Shien, the Company's Deputy Chief Executive Officer and Executive Director, and he is the Overseas Business Development Manager of the Group. For FY2016, the remuneration of Mr Philip Chow Phee Liat was between S\$50,000 and S\$100,000.
8.2 9.5	Please provide details of the employee share scheme(s).	The Company has in place the Old Chang Kee Performance Share Scheme. More information is set out on page 57 of this Annual Report. No share awards have been granted pursuant to the Old Chang Kee Performance Share Scheme to date.
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2016. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives, and is dependent on the annual profit of the Group. This remuneration system 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 sustainability of the Group.



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1"> <thead> <tr> <th>Performance Conditions</th> <th>Short-term and long-term Incentives (such as performance bonus)</th> </tr> </thead> <tbody> <tr> <td><b>Qualitative</b></td> <td> <ol style="list-style-type: none"> <li>1. Leadership and people development</li> <li>2. Brand development</li> <li>3. Overseas business development</li> <li>4. Current market and industry practices</li> <li>5. Macro-economic factors</li> </ol> </td> </tr> <tr> <td><b>Quantitative</b></td> <td> <ol style="list-style-type: none"> <li>1. Annual profit before and after tax</li> <li>2. Return on equity</li> <li>3. Relative financial performance of the Group to its industry peers</li> <li>4. Sales growth</li> </ol> </td> </tr> </tbody> </table>	Performance Conditions	Short-term and long-term Incentives (such as performance bonus)	<b>Qualitative</b>	<ol style="list-style-type: none"> <li>1. Leadership and people development</li> <li>2. Brand development</li> <li>3. Overseas business development</li> <li>4. Current market and industry practices</li> <li>5. Macro-economic factors</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>1. Annual profit before and after tax</li> <li>2. Return on equity</li> <li>3. Relative financial performance of the Group to its industry peers</li> <li>4. Sales growth</li> </ol>
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<b>Quantitative</b>	<ol style="list-style-type: none"> <li>1. Annual profit before and after tax</li> <li>2. Return on equity</li> <li>3. Relative financial performance of the Group to its industry peers</li> <li>4. Sales growth</li> </ol>							
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2016.						
<b>ACCOUNTABILITY AND AUDIT</b>								
<b>Accountability</b>								
10.1 10.2 10.3	How does the Company ensure accountability to its shareholders?	<p>The Board is accountable to the shareholders while the Management is accountable to the Board. Therefore, the Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules.</p> <p>The Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Company's performance, financial position and prospects on a quarterly basis. The Company announces its financial results on a quarterly basis and discloses other relevant material information on the Company via SGXNET to the shareholders.</p>						



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Risk Management and Internal Controls</b>		
11.1 11.2	What is the Board's role in relation to risk management?	<p>The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses, and oversees the Management in the design, implementation and monitoring of the risk management and internal control system.</p> <p>The Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, at least annually.</p>
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Company has a Risk Management Committee headed by the Company's Deputy Chief Executive Officer, Ms Chow Hui Shien and comprises management staff as its members. The Risk Management Committee reviews and improves the Company's business at the operational level by taking into account risk management perspectives. The Company seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks, where applicable. The Risk Management Committee reviews all significant control policies and procedures and highlights any significant matters to the AC.</p> <p>The Board, with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2016.</p> <p>The bases for the Board's view are as follows:</p> <ul style="list-style-type: none"> <li>(i) Assurance has been received from the CEO and Group Financial Controller (refer to Guideline 11.3(b) below);</li> <li>(ii) Both the external and internal audits have been carried out by the external auditors ("EA") and the internal auditors ("IA") respectively and significant matters highlighted to the AC and key management personnel were appropriately addressed;</li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(iii) The Risk Management Committee regularly evaluates, monitors and reports to the AC on material risks;</p> <p>(iv) Discussions were held between the AC and the EA and IA, in the absence of the key management personnel to review and address any potential concerns; and</p> <p>(v) An enterprise risk management framework was established to identify, manage and mitigate significant risks.</p> <p>The Company is currently assessing the impact of sustainability reporting and would implement appropriate policies and programmes when the opportunities arise.</p> <p>The system of internal controls and risk management policies established by the Company is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.</p>
	<p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>Yes, the Board has obtained such assurance from the CEO and Group Financial Controller in respect of FY2016.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
12.1 12.2 12.3 12.4	What is the role of the AC?	<p>The AC comprises Mr Ong Chin Lin, the Lead Independent Director as Chairman, with Ms Audrey Yap Su Ming and Mr Zainudin Bin Nordin as members. All members of the AC are Non-Executive Independent Directors and have accounting or related financial management expertise and experience.</p> <p>The AC is governed by written terms of reference under which it is responsible for, amongst others:</p> <ul style="list-style-type: none"> <li>(a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences;</li> <li>(b) reviewing the results of external audit, in particular: <ul style="list-style-type: none"> <li>(i) their audit report; and</li> <li>(ii) their management letter and Management's response thereto;</li> </ul> </li> <li>(c) reviewing the co-operation given by the Company's officers to the external auditors;</li> <li>(d) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any formal announcements relating to the Company's financial performance;</li> <li>(e) reviewing the independence of the external auditors annually and where the external auditors also provide a substantial volume of non-audit services to the Company, keep the nature and extent of such service under review, seeking to maintain objectivity;</li> <li>(f) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of the engagement of the external auditors;</li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(g) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters (whistle-blowing policy);</p> <p>(h) reviewing and reporting to the Board at least annually, on the adequacy and effectiveness of the Company's internal controls. Review of the Company's internal controls may be carried out with the assistance of externally appointed professionals;</p> <p>(i) approval of the hiring, removal, evaluation and compensation of the head of the internal audit function or the accounting/ auditing firm or corporation to which the internal audit function is outsourced;</p> <p>(j) reviewing whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Company. The internal audit function can either be in-house, outsourced to a reputable accounting/ auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;</p> <p>(k) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function;</p> <p>(l) meeting with the external auditors, and the internal auditors, in each case without the presence of Management, at least annually;</p> <p>(m) commissioning and reviewing the findings of internal investigations into matters where there is suspicion of fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company and the Group's operating results and/or financial position; and</p> <p>(n) generally, performing such other functions and duties as may be required by the relevant laws or provisions of the Catalist Rules and the Code (as may be amended from time to time).</p> <p>The AC has reasonable resources to enable it to discharge its functions properly.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation															
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA in the absence of key management personnel during FY2016.															
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA, Ernst & Young LLP, to the Group and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.															
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Table 8 – Fees Paid/Payable to the EA for FY2016</b></th> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">S\$ ('000)</th> <th style="text-align: center;">% of total</th> </tr> </thead> <tbody> <tr> <td><b>Audit fees</b></td> <td style="text-align: center;">70.5</td> <td style="text-align: center;">79</td> </tr> <tr> <td><b>Non-audit fees</b> - Tax related services</td> <td style="text-align: center;">18.5</td> <td style="text-align: center;">21</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>89</b></td> <td style="text-align: center;"><b>100</b></td> </tr> </tbody> </table>	<b>Table 8 – Fees Paid/Payable to the EA for FY2016</b>				S\$ ('000)	% of total	<b>Audit fees</b>	70.5	79	<b>Non-audit fees</b> - Tax related services	18.5	21	<b>Total</b>	<b>89</b>	<b>100</b>
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<b>Total</b>	<b>89</b>	<b>100</b>															
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2016 were not substantial.															
12.7	Does the Company have a whistle-blowing policy?	Yes. The Company has in place a whistle-blowing policy which has been communicated to all employees. The Company's staff and external parties such as the Company's business associates may, in confidence, raise any concerns about possible improprieties in matters of financial reporting or other matters to the Management and/or the AC by submitting a whistle blowing report, the procedures for which are set out on the Company's website. Where applicable, independent investigations may be carried out.															



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2016, the AC was briefed and updated by the EA on the changes to the accounting standards which may have a direct impact on the financial statements.
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Does the Company have an internal audit function? If not, please explain why. Please provide details of the Company's internal audit function, if any.	<p>The Company's internal audit function is outsourced to a qualified public accounting firm, WLA Regnum Advisory Services Pte Ltd, that reports directly to the AC Chairman and administratively to the CEO. The IA was appointed pursuant to the approval of the AC, which also approves the removal, evaluation and compensation of the IA. The IA is expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.</p> <p>The IA has unrestricted direct access to all the Company's documents, records, properties and personnel and the AC, to which the IA reports directly. The IA plans its scope of internal audit work in consultation with the AC, and submits its annual internal audit plan to the AC for approval.</p> <p>The IA has adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls and overall risk management of the Group. The AC has reviewed the effectiveness of the IA and is satisfied that the IA is adequately resourced and has the appropriate standing within the Group to fulfil its mandate.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Shareholder Rights</b>		
14.1 14.2 14.3	How does the Company facilitate the exercise of ownership rights by its shareholders?	The Group's corporate governance practices promote the fair and equitable treatment of all shareholders and facilitates the exercise of ownership rights by all shareholders. All shareholders are entitled to attend general meetings and are provided the opportunity to participate effectively and vote at all general meetings. If a shareholder who is not a Relevant Intermediary (as defined under the Act) is unable to attend a general meeting, such shareholder is entitled to appoint up to two proxies to attend the meeting in his place. For a shareholder who is a Relevant Intermediary, such shareholder may appoint more than two proxies to attend the meeting in its place in accordance with the Act.
<b>Communication with Shareholders</b>		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	<p>In line with the continuous disclosure obligations under the relevant rules, the Board informs shareholders and members of the public promptly of all major developments that may have a material impact on the Group. The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules.</p> <p>The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Information is disseminated to shareholders and investors on a timely basis through:</p> <ul style="list-style-type: none"> <li>(i) annual reports and notices of general meetings issued to all shareholders;</li> <li>(ii) quarterly and full-year announcements of financial results and other announcements or press releases through the SGXNET; and</li> <li>(iii) the Company's AGMs.</li> </ul>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as a platform to maintain regular dialogue with its shareholders as well as to solicit and understand the views of shareholders and investors. Instead of a dedicated investor relations team, the Company's CEO and Group Financial Controller are responsible for the Company's communication with its shareholders.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its investor relations webpage at <a href="http://oldchangkee.listedcompany.com/">http://oldchangkee.listedcompany.com/</a>.</p>
15.5	<p>Does the Company have a dividend policy?</p> <p>Is the Company is paying dividends for the financial year? If not, please explain why.</p>	<p>The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, <i>inter alia</i>, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.</p> <p>Details of dividends declared to shareholders in respect of FY2016 are set out on page 135 of the Annual Report.</p>
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.2 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Board believes in encouraging shareholder participation at general meetings.</p> <p>AGMs of the Company are a forum and platform for dialogue and interaction with all shareholders. The Board welcomes shareholders' feedback and questions regarding the Group at the AGMs. The Company requires all Directors (including the Chairman of the Board and the respective chairmen of the Board Committees) to be present at all general meetings of shareholders, unless due to exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p>



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Company practises having separate resolutions at general meetings on each distinct issue and will make available minutes of general meetings to shareholders upon their requests.</p> <p>All resolutions are put to vote by poll, and their detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the conclusion of the general meeting.</p>

## COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	Ernst & Young LLP is the auditor of the Company and its Singapore incorporated subsidiary. The overseas subsidiary and associated companies are not considered significant as defined under Rule 718 of the Catalist Rules. Therefore, the Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its EA.
1204(8)	Material Contracts	Other than those disclosed in the Directors' Statement and the Financial Statements, the Company and its subsidiary companies did not enter into any material contracts (including loans) involving the interests of the Executive Chairman, CEO, Directors or controlling shareholders which are either still subsisting as at the end of the financial year ended 31 March 2016 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology risks based on the following:</p> <ul style="list-style-type: none"> <li>(i) internal controls and the enterprise risk management system established by the Company;</li> <li>(ii) work performed by the IA and EA;</li> </ul>



# CORPORATE GOVERNANCE

		<p>(iii) assurance from the CEO and Group Financial Controller; and</p> <p>(iv) reviews done by the various Board Committees and key management personnel.</p>
1204(17)	Interested Persons Transaction (“IPT”)	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC at least on a quarterly basis and that they are carried out on an arm’s length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders, in accordance with the internal controls set up by the Company on dealing with IPTs. In the event that a member of the AC is involved in any IPT, he will abstain from reviewing that particular transaction.</p> <p>There were no IPTs of more than S\$100,000 transacted during FY2016.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information which is not available to the public.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company’s securities on short term considerations, and are prohibited from dealing in the Company’s securities during the period beginning two weeks before the announcement of the Company’s quarterly financial statements and one month before the announcement of the Company’s full-year financial statements respectively, and ending on the date of the announcement of the relevant results. The Company will also send a memorandum prior to the commencement of each window period as a reminder to the Directors, officers, relevant employees and associates to ensure that they comply with the Code.</p>
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2016.
1204(22)	Use of exercise proceeds from Warrants Issue (“ <b>Exercise Proceeds</b> ”).	As of 24 June 2016, the Exercise Proceeds amounting to S\$2,749,770, which had been set aside for repayment of the Group’s borrowings, investment purposes including but not limited to new business opportunities, funding of working capital requirements such as inventories and trade receivables and/or such other purposes as the Directors may deem fit, have not been utilised. The Company will continue to make periodic announcements on the use of the Exercise Proceeds as and when such proceeds are materially disbursed.



# DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Old Chang Kee Ltd. (the **"Company"**) and its subsidiaries (collectively, the **"Group"**) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2016 (**"FY2016"**).

## 1. Opinion of the Directors

In the opinion of the Directors,

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

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

Mr Han Keen Juan  
Mr Lim Tao-E William  
Ms Chow Hui Shien  
Mr Ong Chin Lin  
Ms Audrey Yap Su Ming  
Mr Zainudin Bin Nordin (Appointed on 28 July 2015)

## 3. Arrangements to enable Directors to acquire shares and debentures

Except as described in this statement, neither at the end of nor at any time during FY2016 was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.



# DIRECTORS' STATEMENT

## 4. Directors' interests in shares and debentures

The following Directors, who held office at the end of FY2016, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act (Chapter 50) of Singapore (the "Act") an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of Director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the Company ('000)</i>				
Han Keen Juan	71,136	71,136	8,892	8,892
Lim Tao-E William	8,892	8,892	–	–
Chow Hui Shien	81	81	–	–
Ong Chin Lin	65	65	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2016.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## 5. Performance shares

The Company has an employee share scheme known as the Old Chang Kee Performance Share Scheme (the "Scheme"). The Scheme is designed to grant awards ("Awards") to eligible Group employees and Non-Executive Directors respectively ("Participants"). Details of the Scheme were set out in the Company's Circular to shareholders dated 14 April 2009. Awards represent the right of a Participant to receive fully paid ordinary shares of the Company ("Shares") free of charge, upon the Participant achieving prescribed performance targets. Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee's (as defined below) satisfaction that the prescribed performance targets have been achieved.



# DIRECTORS' STATEMENT

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of any exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second market day from the date on which the aforesaid announcement is made.

The committee administering the Scheme ("**Committee**") comprises all members of the board of Directors. Since the commencement of the Scheme till the end of the financial year, no share awards have been granted.

## 6. **Audit committee**

The audit committee (the "**AC**") carried out its functions in accordance with section 201B(5) of the Act.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year with full attendance from all members, except for two where a member was absent. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once in FY2016.

Further details regarding the AC are disclosed in the Report on Corporate Governance.



# DIRECTORS' STATEMENT

## 7. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of Directors:

Han Keen Juan  
Director

Lim Tao-E William  
Director

28 June 2016



# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 31 March 2016

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Old Chang Kee Ltd. (the **"Company"**) and its subsidiaries (collectively, the **"Group"**), set out on pages 62 to 135 which comprise the balance sheets of the Group and the Company as at 31 March 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the **"Act"**) and Singapore Financial Reporting Standards, 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.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 31 March 2016

## **Opinion**

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## **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 companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

28 June 2016



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
<b>Revenue</b>	4	73,857	71,640
Cost of sales		(27,217)	(26,961)
<b>Gross profit</b>		46,640	44,679
<b>Other items of income</b>			
Interest income on short-term deposits		41	32
Other income	5	1,878	1,518
<b>Other items of expense</b>			
Selling and distribution expenses		(30,232)	(27,854)
Administrative expenses		(10,795)	(10,274)
Finance costs	6	(199)	(116)
Other expenses	7	(1,238)	(1,277)
<b>Profit before tax</b>	8	6,095	6,708
Income tax expense	9	(1,122)	(1,423)
<b>Profit for the year</b>		4,973	5,285
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Deferred tax on revaluation of freehold land and buildings		–	102
Exchange differences on translating foreign operations		(14)	49
<b>Other comprehensive income for the year, net of tax</b>		(14)	151
Total comprehensive income for the year, attributable to owners of the Company		4,959	5,436
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic	10	4.10	4.35
Diluted	10	4.10	4.35

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# BALANCE SHEETS

As at 31 March 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	28,928	26,381	–	–
Intangible assets	12	385	12	–	–
Investment in subsidiaries	13	–	–	5,640	5,640
Investment in unquoted shares	14	273	273	273	273
Investment in associates	15	–	–	–	–
Long term deposits	17	1,748	1,772	–	–
		<u>31,334</u>	<u>28,438</u>	<u>5,913</u>	<u>5,913</u>
<b>Current assets</b>					
Inventories	18	716	522	–	–
Trade and other receivables	19	156	143	–	–
Deposits	17	1,156	1,446	–	–
Prepayments		1,703	1,370	24	27
Amount due from associates	16	–	–	–	–
Amount due from subsidiaries	20	–	–	9,735	3,570
Cash and bank balances	21	19,407	20,147	6,594	10,508
		<u>23,138</u>	<u>23,628</u>	<u>16,353</u>	<u>14,105</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# BALANCE SHEETS

As at 31 March 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current liabilities</b>					
Trade and other payables	22	7,129	5,405	1,712	1,329
Other liabilities	23	162	152	–	–
Provisions	24	2,049	2,046	33	24
Bank loans	25	944	897	–	–
Finance lease liabilities	26&30(c)	110	110	–	–
Provision for taxation		546	1,357	28	37
		<u>10,940</u>	<u>9,967</u>	<u>1,773</u>	<u>1,390</u>
<b>Net current assets</b>		12,198	13,661	14,580	12,715
<b>Non-current liabilities</b>					
Bank loans	25	6,976	7,331	–	–
Finance lease liabilities	26&30(c)	279	389	–	–
Deferred tax liabilities	27	1,662	1,082	–	–
		<u>8,917</u>	<u>8,802</u>	<u>–</u>	<u>–</u>
<b>Net assets</b>		<u>34,615</u>	<u>33,297</u>	<u>20,493</u>	<u>18,628</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	28	13,964	13,964	13,964	13,964
Retained earnings		17,677	16,345	6,529	4,664
Other reserves	29	2,974	2,988	–	–
<b>Total equity</b>		<u>34,615</u>	<u>33,297</u>	<u>20,493</u>	<u>18,628</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016

Group	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000 (Note 28)	Retained earnings \$'000	Other reserves \$'000 (Note 29)	Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	
<b>At 1 April 2015</b>	13,964	16,345	2,988	37	2,951	33,297
Profit for the year	–	4,973	–	–	–	4,973
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	–	–	(14)	(14)	–	(14)
Total comprehensive income for the year	–	4,973	(14)	(14)	–	4,959
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 36)	–	(3,641)	–	–	–	(3,641)
<b>At 31 March 2016</b>	<u>13,964</u>	<u>17,677</u>	<u>2,974</u>	<u>23</u>	<u>2,951</u>	<u>34,615</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016

Group	Share capital	Retained earnings	Other reserves	Foreign currency translation reserve	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Note 28)		(Note 29)			
<b>At 1 April 2014</b>	13,964	14,701	2,837	(12)	2,849	31,502
Profit for the year	–	5,285	–	–	–	5,285
<u>Other comprehensive income</u>						
Deferred tax on revaluation of freehold land and buildings	–	–	102	–	102	102
Exchange differences on translating foreign operations	–	–	49	49	–	49
Total comprehensive income for the year	–	5,285	151	49	102	5,436
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 36)	–	(3,641)	–	–	–	(3,641)
<b>At 31 March 2015</b>	<b>13,964</b>	<b>16,345</b>	<b>2,988</b>	<b>37</b>	<b>2,951</b>	<b>33,297</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016

Company	Share capital \$'000 (Note 28)	Retained earnings \$'000	Total equity \$'000
<b>At 1 April 2015</b>	13,964	4,664	18,628
Profit for the year	–	5,506	5,506
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	5,506	5,506
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares (Note 36)	–	(3,641)	(3,641)
<b>At 31 March 2016</b>	<u>13,964</u>	<u>6,529</u>	<u>20,493</u>
<b>At 1 April 2014</b>	13,964	2,964	16,928
Profit for the year	–	5,341	5,341
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	5,341	5,341
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares (Note 36)	–	(3,641)	(3,641)
<b>At 31 March 2015</b>	<u>13,964</u>	<u>4,664</u>	<u>18,628</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 31 March 2016

	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities:</b>		
Profit before tax	6,095	6,708
Adjustments for:		
Allowance for amount due from associates	–	72
Write-back of allowance for amount due from associates	(12)	–
Amortisation of intangible assets	44	14
Depreciation of property, plant and equipment	4,102	3,814
Gain on disposal of property, plant and equipment	(9)	(126)
Property, plant and equipment written off	42	145
Interest expense	199	116
Interest income	(41)	(32)
Currency realignment	167	154
<b>Operating profit before changes in working capital</b>	<b>10,587</b>	<b>10,865</b>
(Increase)/decrease in inventories	(194)	88
Increase in trade and other receivables	(13)	(13)
Decrease/(increase) in amount due from associates	12	(72)
Decrease/(increase) in deposits	314	(156)
Increase in prepayments	(333)	(831)
Increase/(decrease) in trade and other payables	1,724	(745)
Increase in other liabilities	10	11
Decrease in provisions	(138)	(81)
<b>Cash flows from operations</b>	<b>11,969</b>	<b>9,066</b>
Income tax paid	(1,353)	(1,596)
<b>Net cash flows generated from operating activities</b>	<b>10,616</b>	<b>7,470</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 31 March 2016

	2016 \$'000	2015 \$'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,731)	(8,592)
Purchase of intangible assets	(417)	–
Proceeds from disposal of property, plant and equipment	9	320
Interest received	41	32
<b>Net cash flows used in investing activities</b>	<b>(7,098)</b>	<b>(8,240)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank loans	333	4,867
Repayment of finance lease liabilities	(110)	(148)
Interest paid	(199)	(116)
Repayment of bank loans	(641)	(424)
Dividends paid	(3,641)	(3,641)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(4,258)</b>	<b>538</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(740)</b>	<b>(232)</b>
Cash and cash equivalents at the beginning of the financial year	20,147	20,379
<b>Cash and cash equivalents at the end of the financial year (Note 21)</b>	<b>19,407</b>	<b>20,147</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 1. Corporate information

Old Chang Kee Ltd. (the "**Company**") is a limited liability company incorporated in Singapore and was admitted to the official list of Catalist under the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation ("**SGX-SESDAQ**") rules.

The registered office and principal place of business of the Company is located at 2 Woodlands Terrace, Singapore 738427.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 13 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Company.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 109 and FRS 115, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

#### FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Company apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.3 Standards issued but not yet effective (cont'd)

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss, except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Buildings	–	Over the lower of the remaining lease terms or 50 years
Machinery and equipment	–	5 years to 10 years
Motor vehicles	–	5 years
Renovation	–	Over the lower of the remaining lease terms or 3 years to 5 years
Electrical fittings	–	Over the lower of the remaining lease terms or 5 years to 10 years
Furniture	–	5 years to 10 years
Computers	–	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.6 Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Computer software licences

Computer software licences are stated at cost less accumulated amortisation and impairment in value. They are amortised on a straight line basis over their estimated useful lives of 5 years.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.7 Intangible assets (cont'd)

#### Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 24 years.

### 2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.10 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.11 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### (i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### (ii) Available-for-sale financial assets

Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.11 Financial instruments (cont'd)

#### (a) Financial assets (cont'd)

##### De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.11 Financial instruments (cont'd)

#### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

#### (a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.12 Impairment of financial assets (cont'd)

#### (a) Financial assets carried at amortised cost (cont'd)

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and sundry consumables is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.14 Inventories (cont'd)

Where necessary, allowance is provided for damaged, expired and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.15 Provisions

Provisions are recognised when the Group has 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to income, the grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

### 2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.18 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("**CPF**") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution schemes are recognised as an expense in the period in which the related service is performed.

#### (b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

### 2.19 Leases

#### As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) Outlet sales and non-outlet sales

Revenue from sale of goods is recognised net of goods and services tax and discounts upon transferring of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

#### (b) Interest income

Interest income is recognised using the effective interest method.

### 2.21 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.21 Taxes (cont'd)

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.21 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.22 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 2. Summary of significant accounting policies (cont'd)

### 2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

## 3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. These are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 3. Significant accounting estimates and judgements (cont'd)

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### (a) Valuation of freehold land and buildings

The Group carries its freehold land and buildings at fair value, with changes in fair values being recognised in other comprehensive income. The fair values of freehold land and buildings are determined by independent professional valuer. In determining the fair value, the valuer has determined the fair values using market comparable approach which involve the making of certain assumptions and the use of estimates. In relying on the valuation report of the professional valuer, management has exercised judgement in arriving at a value which is reflective of current market conditions. The carrying amount and key assumptions used to determine the fair value are further explained in Note 32(c).

#### (b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the end of the reporting period were \$546,000 (2015: \$1,357,000) and \$1,662,000 (2015: \$1,082,000) respectively.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 3. Significant accounting estimates and judgements (cont'd)

### 3.2 Key sources of estimation uncertainty (cont'd)

#### (a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment at the end of each reporting period is disclosed in Note 11 to the financial statements.

#### (b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by \$2,247,000 (2015: increase by \$2,351,000).



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 4. Revenue

	Group	
	2016 \$'000	2015 \$'000
Outlet sales	72,800	70,402
Non-outlet sales	1,057	1,238
	73,857	71,640

## 5. Other income

	Group	
	2016 \$'000	2015 \$'000
Government grants	287	252
Insurance compensation	262	32
Sale of scrap oil	203	272
Special Employment Credit (a)	402	333
Wage Credit Scheme (b)	484	323
Gain on disposal of property, plant and equipment	9	126
Sundry income	231	180
	1,878	1,518

(a) The Special Employment Credit (SEC) was introduced in 2012 and enhanced in 2013 to provide support for employers to hire older Singaporean workers. During the financial year ended 31 March 2016, the Group received grant income of \$402,000 (2015: \$333,000) under the Scheme.

(b) The Wage Credit Scheme (WCS) was introduced in 2013 to provide support to help businesses which may face rising wage costs in a tight labour market. During the financial year ended 31 March 2016, the Group received grant income of \$484,000 (2015: \$323,000) under the Scheme.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 6. Finance costs

	Group	
	2016	2015
	\$'000	\$'000
Interest expense:		
Finance lease liabilities	18	15
Bank loans	181	101
	<u>199</u>	<u>116</u>

## 7. Other expenses

	Group	
	2016	2015
	\$'000	\$'000
Amortisation of intangible assets	44	14
Depreciation of property, plant and equipment	857	839
Loss on foreign exchange, net	307	207
Property, plant and equipment written off	42	145
Allowance for doubtful debts		
- Amount due from an associate	-	72
- Write-back of allowance for amount due from associates	(12)	-
	<u>1,238</u>	<u>1,277</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 8. Profit before tax

Profit before tax is arrived at after charging the following:

	Group	
	2016	2015
	\$'000	\$'000
Depreciation of property, plant and equipment	4,102	3,814
Inventories recognised as an expense in cost of sales (Note 18)	22,889	22,845
Employee benefits expense (including Directors):		
- Salaries and bonuses	19,089	17,381
- Central Provident Fund	2,960	2,742
Non-audit fees paid to:		
- Auditor of the Group	19	26
Audit fees paid to:		
- Auditor of the Group	71	62
- Other auditors	16	31
Operating lease expenses (Note 30(b))	10,820	9,939
Staff training and benefits	408	378
Utilities expenses	1,557	1,736
Packaging material expenses	1,262	1,251



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 9. Income tax expense

### (a) Major components of income tax expense

The major components of income tax expense for the year ended 31 March 2016 and 31 March 2015 are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Current income tax:		
- Current taxation	501	1,362
- Under provision in respect of previous years	39	167
	540	1,529
Deferred income tax:		
- Movement in temporary differences	582	(106)
	582	(106)
Income tax expense recognised in profit or loss	1,122	1,423



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 9. Income tax expense (cont'd)

### (b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 March 2016 and 31 March 2015 are as follows:

	Group	
	2016 \$'000	2015 \$'000
Profit before tax	6,095	6,708
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,114	1,175
Adjustments:		
Non-deductible expenses	556	370
Income not subject to tax	(68)	(53)
Effect of partial tax exemption and tax relief	(519)	(236)
Under provision in respect of previous years	39	167
	1,122	1,423

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 10. Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 March 2016 and 31 March 2015:

	Group	
	2016	2015
	\$'000	\$'000
Profit for the year attributable to owners of the Company used in computation of basic and diluted earnings per share	4,973	5,285
	No. of Shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share	121,374,700	121,374,700
Weighted average number of ordinary shares for diluted earnings per share	121,374,700	121,374,700

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 11. Property, plant and equipment

Group	Freehold	Buildings	Construction	Machinery	Motor	Renovation	Electrical	Furniture	Computers	Total
	land		in progress	and	vehicles		fittings			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At	At	At	At	At	At	At	At	At	At	
Valuation	Valuation	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	
<b>Valuation/cost</b>										
At 1 April 2014	965	9,702	3,079	7,326	2,729	8,597	3,273	3,872	3,383	42,926
Additions	-	-	4,661	616	1,033	1,794	305	492	241	9,142
Disposals	-	-	-	-	(636)	-	-	-	-	(636)
Written off	-	-	-	(673)	-	(457)	(311)	(613)	(932)	(2,986)
Exchange differences	(59)	(30)	(14)	(3)	(2)	(21)	-	-	(1)	(130)
At 31 March 2015 and 1 April 2015	906	9,672	7,726	7,266	3,124	9,913	3,267	3,751	2,691	48,316
Additions	-	573	131	1,446	266	2,047	1,239	715	455	6,872
Reclassifications	-	3,452	(7,668)	3,924	-	-	292	-	-	-
Disposals	-	-	-	-	(142)	-	-	-	-	(142)
Written off	-	-	-	(250)	-	(2,217)	(1,481)	(1,047)	(1,440)	(6,435)
Exchange differences	(65)	(31)	(58)	2	(2)	(25)	(1)	-	(1)	(181)
At 31 March 2016	841	13,666	131	12,388	3,246	9,718	3,316	3,419	1,705	48,430



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 11. Property, plant and equipment (cont'd)

Group	Freehold	Buildings	Construction	Machinery	Motor	Renovation	Electrical	Furniture	Computers	Total
	land		in progress	and	vehicles		fittings			
	\$'000	\$'000	\$'000	equipment	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At	At	At	At	At	At	At	At	At	At	At
Valuation	Valuation	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
<b>Accumulated depreciation</b>										
At 1 April 2014	-	241	-	6,079	1,503	5,858	2,470	2,672	2,581	21,404
Charge for the year	-	241	-	583	490	1,271	405	535	289	3,814
Disposals	-	-	-	-	(442)	-	-	-	-	(442)
Written off	-	-	-	(658)	-	(391)	(301)	(582)	(909)	(2,841)
At 31 March 2015 and 1 April 2015	-	482	-	6,004	1,551	6,738	2,574	2,625	1,961	21,935
Charge for the year	-	298	-	818	498	1,319	376	496	297	4,102
Disposals	-	-	-	-	(142)	-	-	-	-	(142)
Written off	-	-	-	(237)	-	(2,200)	(1,477)	(1,041)	(1,438)	(6,393)
At 31 March 2016	-	780	-	6,585	1,907	5,857	1,473	2,080	820	19,502
<b>Net carrying amount</b>										
At 31 March 2015	906	9,190	7,726	1,262	1,573	3,175	693	1,126	730	26,381
At 31 March 2016	841	12,886	131	5,803	1,339	3,861	1,843	1,339	885	28,928



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 11. Property, plant and equipment (cont'd)

The cash outflow on acquisition of property, plant and equipment amounted to \$6,731,000 (2015: \$8,592,000).

### Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of \$Nil (2015: \$365,000) by means of finance leases. The net carrying amount of motor vehicles held under finance leases as at 31 March 2016 was \$666,000 (2015: \$867,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 26).

### Assets pledged as security

In addition to assets held under finance leases, certain of the Group's freehold land and buildings with a carrying amount of \$13,422,000 (2015: \$9,841,000) are mortgaged to secure the Group's bank loans (Note 25) and banking facilities.

### Buildings owned by the Group

Information on buildings owned by the Group is set out below:

<u>Location</u>	<u>Tenure</u>	<u>Description</u>
<u>Singapore</u>		
2 Woodlands Terrace Singapore 738427	30 + 30 years from 16 February 1994	Food factory
4 Woodlands Terrace Singapore 738429	30 + 30 years from 1 September 1994	Food factory
15 Woodlands Loop #01-57 Singapore 738322	30 years from 1 October 1997	Food factory
<u>Malaysia</u>		
2 Jalan Laman Setia 7/1, Taman Laman Setia, 81550 Johor Bahru, Johor, Malaysia	Freehold	Industrial building



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 11. Property, plant and equipment (cont'd)

### Revaluation of freehold land and buildings

The Group engaged independent valuers, Savills Valuation and Professional Services (S) Pte Ltd and Rahim & Co (Johor) Sdn. Bhd., an international associate of Savills, to determine the fair value of the freehold land and buildings. The date of the revaluation was 31 March 2013. Details of valuation techniques and inputs used are disclosed in Note 32.

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2016	2015
	\$'000	\$'000
Freehold land at 31 March:		
- Cost and net carrying amount	521	521
Buildings at 31 March:		
- Cost	11,608	7,851
- Accumulated depreciation	(737)	(1,322)
Net carrying amount	10,871	6,529

### Changes in estimates

During the financial year ended 31 March 2015, the Group revised the estimated remaining useful lives of its renovation, electrical fittings and furniture at 2 Woodlands Terrace to be 2 years and recorded an accelerated depreciation of \$247,000 for the financial year ended 31 March 2015.

There is no change in estimate in the financial year ended 31 March 2016.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 12. Intangible assets

Group	Club membership \$'000	Computer software licences \$'000	Total \$'000
<b>Cost</b>			
At 1 April 2014	–	460	460
Additions	–	–	–
At 31 March 2015 and 1 April 2015	–	460	460
Additions	175	242	417
At 31 March 2016	175	702	877
<b>Accumulated amortisation</b>			
At 1 April 2014	–	434	434
Amortisation for the year	–	14	14
At 31 March 2015 and 1 April 2015	–	448	448
Amortisation for the year	1	43	44
At 31 March 2016	1	491	492
<b>Net carrying amount</b>			
At 31 March 2015	–	12	12
At 31 March 2016	174	211	385
<b>Average remaining amortisation years</b>			
- 31 March 2015	–	2	2
- 31 March 2016	24	4	28

### Club membership

This relates to transferable membership in a golf club in Singapore which is stated at cost less accumulated amortisation and any impairment in value. Market value of the transferable membership as at 31 March 2016 is \$182,000 (2015: Nil).



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 13. Investment in subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	5,640	5,640
Impairment losses	–	–
	<u>5,640</u>	<u>5,640</u>
<i>Movements in allowance account:</i>		
At beginning of the year	–	(1,200)
Written off	–	(1,200)
At end of the year	<u>–</u>	<u>–</u>

### Composition of the Group

The Group has the following investment in subsidiaries.

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2016	2015
<b>Held by the Company:</b>				
Ten & Han Trading Pte Ltd <sup>(1)</sup>	Singapore	Manufacture and distribution of food products, operation of retail food outlets and general trading	100	100
Old Chang Kee Australia Pty Ltd <sup>(2)</sup>	Australia	Operation of retail food outlets	100	100
Old Chang Kee Manufacturing Sdn. Bhd. <sup>(3)</sup>	Malaysia	Manufacture and distribution of food products	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by R A Hardwick F CPA, Australia.

(3) Audited by G.K. Lye & Co., Malaysia.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 14. Investment in unquoted shares

	Group and Company	
	2016 \$'000	2015 \$'000
Available-for-sale financial assets		
- Equity instruments (unquoted), at cost	273	273

## 15. Investment in associates

	Group and Company	
	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	34	34
Impairment losses	(34)	(34)
Net carrying amount of investment	-	-

Details of associates are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2016	2015
Old Chang Kee (M) Sdn Bhd <sup>(1)</sup>	Malaysia	Operating retail food outlets and general trading	40	40
Old Chang Kee (Thailand) Co. Ltd. <sup>(2)</sup>	Thailand	Dormant	40	40

(1) Audited by Poo, Lee & Co., Malaysia.

(2) Audited by U.B. Audit Office, Thailand.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 15. Investment in associates (cont'd)

The Group has not recognised losses relating to certain associates where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the balance sheet date was \$316,000 (2015: \$225,000) of which \$91,000 (2015: \$45,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2016 \$'000	2015 \$'000
Profit or loss after tax from continuing operations	(223)	(113)
Other comprehensive income	–	–
Total comprehensive income	(223)	(113)

## 16. Amount due from associates

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Amount due from associates	800	812	790	802
Less: Allowance for doubtful debts	(800)	(812)	(790)	(802)
Net carrying amount (Note 19)	–	–	–	–

Amount due from associates is non-trade in nature, unsecured, interest-free and repayable upon demand.

*Movements in allowance account:*

At beginning of the year	(812)	(740)	(802)	(730)
Charge for the year	–	(72)	–	(72)
Write-back of allowance for amount due from associates	12	–	12	–
At end of the year	(800)	(812)	(790)	(802)



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 17. Deposits

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current	1,156	1,446	–	–
Non-current	1,748	1,772	–	–
	<u>2,904</u>	<u>3,218</u>	<u>–</u>	<u>–</u>

These are mainly deposits placed with the landlords of retail outlets.

Deposits are denominated in the following currencies:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore Dollars	2,858	2,646	–	–
Malaysian Ringgit	46	572	–	–
	<u>2,904</u>	<u>3,218</u>	<u>–</u>	<u>–</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 18. Inventories

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<i>Balance sheet:</i>				
Raw materials	663	482	–	–
Sundry consumables	53	40	–	–
Total inventories at lower of cost and net realisable value	<u>716</u>	<u>522</u>	<u>–</u>	<u>–</u>
<i>Consolidated statement of comprehensive income:</i>				
Inventories recognised as an expense in cost of sales (Note 8)	<u>22,889</u>	<u>22,845</u>	<u>–</u>	<u>–</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 19. Trade and other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Trade and other receivables (current):</b>				
Trade receivables	206	182	-	-
Less: Allowance for doubtful debts	(50)	(50)	-	-
Advances for purchase of property, plant and equipment	-	11	-	-
	156	143	-	-
Deposits (Note 17)	1,156	1,446	-	-
<b>Other receivables (non-current):</b>				
Refundable deposits (Note 17)	1,748	1,772	-	-
<b>Total trade and other receivables (current and non-current)</b>	3,060	3,361	-	-
Amount due from associates (current): (Note 16)	-	-	-	-
Amount due from subsidiaries (current): (Note 20)	-	-	9,735	3,570
Add: Cash and bank balances (Note 21)	19,407	20,147	6,594	10,508
<b>Total loans and receivables</b>	22,467	23,508	16,329	14,078



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 19. Trade and other receivables (cont'd)

### Trade receivables

Trade receivables relate mainly to delivery sales, catering sales, voucher sales and export sales to franchisees and are non-interest bearing and generally on 30 days' terms.

They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group	
	2016	2015
	\$'000	\$'000
Movements in allowance for doubtful debts account:		
At beginning of the year	(50)	(68)
Written off	–	18
At end of the year	<u>(50)</u>	<u>(50)</u>

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$81,000 (2015: \$104,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	2016	2015
	\$'000	\$'000
Trade receivables past due:		
31 to 60 days	3	5
61 to 90 days	4	13
91 to 120 days	7	7
More than 120 days	67	79
	<u>81</u>	<u>104</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 20. Amount due from subsidiaries

These amounts are non-trade, unsecured, non-interest bearing and are repayable upon demand.

## 21. Cash and bank balances

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash on hand	60	56	–	–
Cash at banks	14,797	19,070	6,594	10,508
Short-term deposits	4,550	1,021	–	–
	<u>19,407</u>	<u>20,147</u>	<u>6,594</u>	<u>10,508</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits is 0.21% (2015: 0.16%) per annum.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore Dollars	19,292	19,849	6,594	10,508
Malaysian Ringgit	75	224	–	–
Australian Dollars	40	74	–	–
	<u>19,407</u>	<u>20,147</u>	<u>6,594</u>	<u>10,508</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 22. Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	4,488	3,230	–	–
Accruals	2,534	2,154	1,639	1,285
Sundry creditors	107	21	73	44
Trade and other payables	7,129	5,405	1,712	1,329
Add:				
- Other liabilities (Note 23)	162	152	–	–
- Bank loans (Note 25)	7,920	8,228	–	–
Finance lease liabilities (Note 30(c))	389	499	–	–
Total financial liabilities carried at amortised cost	15,600	14,284	1,712	1,329

Trade payables are non-interest bearing and are normally settled between 7 to 60 days' terms.

Trade payables are denominated in the following currencies:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore Dollars	3,966	2,785	–	–
Thai Baht	464	433	–	–
Australian Dollars	10	12	–	–
Malaysian Ringgit	48	–	–	–
	4,488	3,230	–	–



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 23. Other liabilities

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Foreign staff deposits	162	152	–	–

## 24. Provisions

	Provision for unconsumed leave (i)		Provision for reinstatement costs (ii)		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Group</b>						
At beginning of year	316	280	1,730	1,662	2,046	1,942
Provided during the year	449	451	141	185	590	636
Utilised during the year	(419)	(415)	(91)	(57)	(510)	(472)
Unused amounts reversed during the year	(21)	–	(56)	(56)	(77)	(56)
Net exchange difference	–	–	–	(4)	–	(4)
At end of the year	325	316	1,724	1,730	2,049	2,046



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 24. Provisions (cont'd)

	Provision for unconsumed leave (i)		Provision for reinstatement costs (ii)		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Company</b>						
At beginning of year	24	–	–	–	24	–
Provided during the year	28	45	–	–	28	45
Utilised during the year	(9)	(21)	–	–	(9)	(21)
Unused amounts reversed during the year	(10)	–	–	–	(10)	–
At end of year	<u>33</u>	<u>24</u>	<u>–</u>	<u>–</u>	<u>33</u>	<u>24</u>

### (i) Provision for unconsumed leave

Provision for unconsumed leave of the Group and the Company of 325,000 (2015: \$316,000) and \$33,000 (2015: \$24,000) respectively is the estimated cost of employee entitlements to annual leave. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

### (ii) Provision for reinstatement costs

Provision for reinstatement costs of \$1,724,000 (2015: \$1,730,000) is the estimated costs of restoring retail outlets to their original conditions, which are capitalised and included in the cost of fixed assets. The provision is expected to be utilised at the end of the lease terms.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 25. Bank loans

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current	944	897	–	–
Non-current	6,976	7,331	–	–
	<u>7,920</u>	<u>8,228</u>	<u>–</u>	<u>–</u>
Bank loans comprise:				
Loan 1	2,296	2,632	–	–
Loan 2	641	729	–	–
Loan 3	4,983	4,867	–	–
	<u>7,920</u>	<u>8,228</u>	<u>–</u>	<u>–</u>

Loan 1: The loan bears interest rate at 1.3% per annum above the bank's prevailing cost of funds. This loan, denominated in Singapore Dollars, is secured by a first legal mortgage over certain of the Group's leasehold buildings (Note 11) and corporate guarantee provided by the Company. The loan is repayable over 119 monthly installments from February 2013 and a final installment on 2 January 2023.

Loan 2: The loan bears interest rate at 1.5% per annum above the bank's prevailing cost of funds. This loan, denominated in Singapore Dollars, is secured by a first legal mortgage over certain of the Group's leasehold buildings (Note 11) and corporate guarantee provided by the Company. The loan is repayable over 119 monthly installments from February 2014 and a final installment on 1 January 2024.

Loan 3: The loan bears interest rate at 1.3% per annum above the bank's prevailing cost of funds. This loan, denominated in Singapore Dollars, is secured by a first legal mortgage over certain of the Group's leasehold buildings (Note 11) and corporate guarantee provided by the Company. The loan is repayable over 119 monthly installments from September 2015 and a final installment on 1 October 2025.

## 26. Finance lease liabilities (Note 30(c))

Finance lease liabilities are secured by a charge over the leased assets (Note 11). The average discount rate implicit in the leases ranges from 2.9% to 3.8% (2015: 2.9% to 5.58%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 27. Deferred tax liabilities

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance at beginning of year	1,082	1,293	–	–
Movement in temporary difference	582	(106)	–	–
Deferred tax on revaluation of freehold land and buildings	–	(102)	–	–
Exchange difference	(2)	(3)	–	–
Balance at end of year	<u>1,662</u>	<u>1,082</u>	<u>–</u>	<u>–</u>
Deferred taxation comprises:				
<i>Deferred tax liabilities:</i>				
Excess of net book value over tax base of plant and equipment	(1,308)	(727)	–	–
Deferred tax on revaluation of freehold land and buildings	(402)	(402)	–	–
Exchange difference	(1)	(3)	–	–
	<u>(1,711)</u>	<u>(1,132)</u>	<u>–</u>	<u>–</u>
<i>Deferred tax assets:</i>				
Provisions	49	50	–	–
	<u>(1,662)</u>	<u>(1,082)</u>	<u>–</u>	<u>–</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 28. Share capital

	Group and Company			
	2016		2015	
	No. of ordinary shares	\$'000	No. of ordinary shares	\$'000
Ordinary shares issued and fully paid At beginning and end of the year	121,374,700	13,964	121,374,700	13,964

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

## 29. Other reserves

### (a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of freehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

### (b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 30. Commitments and contingencies

### (a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Capital commitments in respect of property, plant and equipment	6,387	5,506	–	–

### (b) Operating lease commitments - as lessee

The Group has non-cancellable operating lease agreements in respect of equipment, land, production and storage premises and retail outlets. These non-cancellable operating leases have average tenure of between 1 to 60 years. Some of the leases include a clause to enable upward revision of the rental charges on an annual basis based on prevailing conditions. Some of the rental outlets include clauses whereby rental is charged using a base rental plus a percentage of the outlet's sales turnover.

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Minimum lease payments under operating leases recognised as an expense	10,820	9,939	–	–

Included in minimum lease payment is an amount of \$1,546,000 (2015: \$1,303,000) pertaining to contingent rental incurred during the financial year ended 31 March 2016.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 30. Commitments and contingencies (cont'd)

### (b) Operating lease commitments - as lessee (cont'd)

Future minimum rental payables under non-cancellable operating leases as at the end of the reporting year are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not later than one year	8,983	8,389	–	–
Later than one year but not later than five years	10,340	9,535	–	–
Later than five years	3,036	2,955	–	–
	<u>22,359</u>	<u>20,879</u>	<u>–</u>	<u>–</u>

### (c) Finance lease commitments

The Group has finance leases for certain motor vehicles and computers. These leases have terms ranging from 2 to 6 years with options to purchase at the end of the lease term. The lease terms do not contain restrictions concerning dividends, additional debt or further leasing.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 30. Commitments and contingencies (cont'd)

### (c) Finance lease commitments (cont'd)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Group	2016		2015	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	\$'000	\$'000	\$'000	\$'000
Not later than one year	125	110	129	110
Later than one year but not later than five years	289	279	414	389
Total minimum lease payments	414	389	543	499
Less: Amounts representing finance charges	(25)	–	(44)	–
Present value of minimum lease payments	389	389	499	499

## 31. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or Directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision.

Some of the Group's transactions and arrangements are with related parties and the effects of these as determined between the parties are reflected in these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 31. Related party transactions (cont'd)

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2016 \$'000	2015 \$'000
Rental expense paid to Director-related company, related party and Director	(140)	(55)
Advisory services fee and other professional fees paid to related party and Director-related firm	(157)	(203)
<i>Compensation of key management personnel</i>		
Short-term employee benefits	3,459	3,084
Central Provident Fund contributions	52	47
Total compensation paid to key management personnel	3,511	3,131
Comprise amounts paid to:		
- Directors of the Company	3,342	2,966
- Other key management personnel	169	165
	3,511	3,131

The remuneration of key management personnel are determined by the Board of Directors having regard to the performance of individuals and market trends.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 32. Fair value of assets and liabilities

### (a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### (b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	<b>Group 2016</b>			
	<b>Fair value measurements at the end of the reporting period using</b>			
	<b>Quoted prices in active markets for identical instruments (Level 1) \$'000</b>	<b>Significant other observable inputs (Level 2) \$'000</b>	<b>Significant unobservable inputs (Level 3) \$'000</b>	<b>Total \$'000</b>
<b>Non-financial assets:</b>				
Property, plant and equipment (Note 11)				
- Freehold land	–	–	841	841
- Buildings	–	–	12,886	12,886
At 31 March 2016	–	–	13,727	13,727



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 32. Fair value of assets and liabilities (cont'd)

### (b) Assets and liabilities measured at fair value (cont'd)

	Group 2015			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
<b>Non-financial assets:</b>				
Property, plant and equipment (Note 11)				
- Freehold land	-	-	906	906
- Buildings	-	-	9,190	9,190
At 31 March 2015	-	-	10,096	10,096



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 32. Fair value of assets and liabilities (cont'd)

### (c) Level 3 fair value measurements

#### (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

	Fair value as at 31 March 2016 \$'000	Fair value as at 31 March 2015 \$'000	Valuation techniques	Significant Unobservable inputs	Range
<b>Non-financial assets:</b>					
Property, plant and equipment (Note 11)					
- Freehold land	906	906	Market comparable approach	Yield adjustments	5% to 10%
- Buildings	9,190	9,190	Market comparable approach	Yield adjustments	-5% to 30%

For freehold land and buildings, a significant increase (decrease) in yield adjustments would result in a significantly higher (lower) fair value measurement.

#### (ii) Valuation policies and procedures

The Group Financial Controller (GFC), who is assisted by the assistant finance manager and accountant (collectively referred to as the "Finance Department") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Finance Department reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Finance Department is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 32. Fair value of assets and liabilities (cont'd)

### (c) Level 3 fair value measurements (cont'd)

#### (ii) Valuation policies and procedures (cont'd)

For valuations performed by external valuation experts, the Finance Department reviews the appropriateness of the valuation methodologies and assumptions adopted. The Finance Department also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated by the Finance Department for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The Finance Department documents and reports its analysis and results of the external valuations to the Audit Committee as and when necessary. The Audit Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

### (d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances (Note 21), Current trade and other receivables and payables (Notes 19 and 22), Current deposits (Note 17), Other liabilities (Note 23), and Current bank loans and Non-current bank loans at floating rates (Note 25)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 32. Fair value of assets and liabilities (cont'd)

### (e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 March 2016 but for which fair value is disclosed:

	Group				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>					
<b>Financial Assets:</b>					
Long term deposits	–	–	1,695	1,695	1,748
<b>Financial Liabilities:</b>					
Finance lease liabilities	–	–	375	375	389
<b>2015</b>					
<b>Financial Assets:</b>					
Long term deposits	–	–	1,725	1,725	1,772
<b>Financial Liabilities:</b>					
Finance lease liabilities	–	–	447	447	499

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 32. Fair value of assets and liabilities (cont'd)

### (f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group				Company			
	2016 \$'000	Fair value	2015 \$'000	Fair value	2016 \$'000	Fair value	2015 \$'000	Fair value
	Carrying amount		Carrying amount		Carrying amount		Carrying amount	
<b>Financial assets:</b>								
Available-for-sale financial assets								
- Investment in unquoted shares	273	–	273	*	273	*	273	*
Long term deposits	1,748	1,695	1,772	1,725	–	–	–	–
<b>Financial liabilities:</b>								
Finance lease liabilities	389	375	499	447	–	–	–	–

\* Investment in equity instruments (unquoted) carried at cost

Fair value information has not been disclosed for the Group's investment in equity instruments (unquoted) carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in a Singapore frozen food products company that is not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the CEO and Group Financial Controller. Exposure to key financial risks is monitored on an on-going basis and management will assess the extent of such risks in order to ensure that these risks are kept at a minimal level. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets which include cash and cash equivalents, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades mainly in cash. Credit terms are only extended to reputable business associate companies, recognised and creditworthy third parties. Transactions with credit terms relate mainly to delivery and catering sales, voucher sales and export sales. The Group monitors the creditability of existing customers on a regular basis and terms with such customers are adjusted if the customers do not abide by the terms extended. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

There is no significant concentration of credit risk within the Group.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with financial institutions with high credit ratings and no history of default.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies (cont'd)

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group seeks to maintain sufficient liquid financial assets and stand-by credit facilities to manage its liquidity risks. As at 31 March 2016, the Group had total bank and finance lease facilities of \$14.0 million (2015: \$14.9 million) of which \$9.6 million (2015: \$10.2 million) were utilised and the balance of \$4.4 million (2015: \$4.7million) remains unutilised.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2016</b>				
<b>Financial assets:</b>				
Trade and other receivables	156	–	–	156
Deposits	1,156	1,748	–	2,904
Cash and bank balances	19,407	–	–	19,407
Available-for-sale financial assets	–	–	273	273
Total undiscounted financial assets	20,719	1,748	273	22,740
<b>Financial liabilities:</b>				
Trade and other payables	7,129	–	–	7,129
Other liabilities	162	–	–	162
Finance lease liabilities	125	289	–	414
Bank loan	1,097	4,203	3,341	8,641
Total undiscounted financial liabilities	8,513	4,492	3,341	16,346
Total net undiscounted financial assets/ (liabilities)	12,206	(2,744)	(3,068)	6,394



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies (cont'd)

### (b) Liquidity risk (cont'd)

Group	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2015</b>				
<b>Financial assets:</b>				
Trade and other receivables	143	-	-	143
Deposits	1,446	1,772	-	3,218
Cash and bank balances	20,147	-	-	20,147
Available-for-sale financial assets	-	-	273	273
Total undiscounted financial assets	<u>21,736</u>	<u>1,772</u>	<u>273</u>	<u>23,781</u>
<b>Financial liabilities:</b>				
Trade and other payables	5,405	-	-	5,405
Other liabilities	152	-	-	152
Finance lease liabilities	129	414	-	543
Bank loan	995	5,265	2,445	8,705
Total undiscounted financial liabilities	<u>6,681</u>	<u>5,679</u>	<u>2,445</u>	<u>14,805</u>
Total net undiscounted financial assets/ (liabilities)	<u>15,055</u>	<u>(3,907)</u>	<u>(2,172)</u>	<u>8,976</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies (cont'd)

### (b) Liquidity risk (cont'd)

Company	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2016</b>				
<b>Financial assets:</b>				
Amount due from subsidiaries	9,735	–	–	9,735
Amount due from associates	–	–	–	–
Cash and bank balances	6,594	–	–	6,594
Available-for-sale financial assets	–	–	273	273
Total undiscounted financial assets	<u>16,329</u>	<u>–</u>	<u>273</u>	<u>16,602</u>
<b>Financial liabilities:</b>				
Trade and other payables	1,712	–	–	1,712
Total undiscounted financial liabilities	<u>1,712</u>	<u>–</u>	<u>–</u>	<u>1,712</u>
Total net undiscounted financial assets	<u>14,617</u>	<u>–</u>	<u>273</u>	<u>14,890</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies (cont'd)

### (b) Liquidity risk (cont'd)

Company	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2015</b>				
<b>Financial assets:</b>				
Amount due from subsidiaries	3,570	–	–	3,570
Amount due from associates	–	–	–	–
Cash and bank balances	10,508	–	–	10,508
Available-for-sale financial assets	–	–	273	273
Total undiscounted financial assets	<u>14,078</u>	<u>–</u>	<u>273</u>	<u>14,351</u>
<b>Financial liabilities:</b>				
Trade and other payables	1,329	–	–	1,329
Total undiscounted financial liabilities	<u>1,329</u>	<u>–</u>	<u>–</u>	<u>1,329</u>
Total net undiscounted financial assets	<u>12,749</u>	<u>–</u>	<u>273</u>	<u>13,022</u>

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Company obtains financing through bank loans and finance lease facilities. The Company's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure. All the Group's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2015: less than 6 months) from the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies (cont'd)

### (c) Interest rate risk (cont'd)

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

Group	Note	Within 1 year \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2016</b>								
<b>Fixed rate</b>								
Short-term deposits	21	4,550	–	–	–	–	–	4,550
Obligations under finance leases	30(c)	(112)	(117)	(114)	(46)	–	–	(389)
<b>Floating rate</b>								
Cash at banks	21	14,797	–	–	–	–	–	14,797
Bank loans	25	(944)	(944)	(944)	(944)	(944)	(3,200)	(7,920)
<b>2015</b>								
<b>Fixed rate</b>								
Short-term deposits	21	1,021	–	–	–	–	–	1,021
Obligations under finance leases	30(c)	(110)	(112)	(117)	(114)	(46)	–	(499)
<b>Floating rate</b>								
Cash at banks	21	19,070	–	–	–	–	–	19,070
Bank loans	25	(897)	(1,234)	(1,234)	(1,234)	(1,234)	(2,395)	(8,228)

Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 33. Financial risk management objectives and policies (cont'd)

### (c) Interest rate risk (cont'd)

#### *Sensitivity analysis*

At the end of the reporting period, if interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit would have been \$69,000 (2015: \$108,000) lower/higher, arising mainly as a result of lower/higher interest income/expense on floating rate bank loans and bank balances. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

### (d) Foreign currency risk

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency, SGD. The foreign currencies in which these transactions are denominated are mainly Thai Baht ("THB") and Malaysian Ringgit ("MYR"). Approximately 21% (2015: 23%) of the Group's purchases are denominated in foreign currencies.

The Group does not have a formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and management seeks to keep the net exposure to an acceptable level.

#### *Sensitivity analysis*

The following table demonstrates the sensitivity to a reasonably possible change in the THB and MYR exchange rate (against SGD), with all other variables held constant, of the Group's profit before tax.

	The Group	
	2016 \$'000	2015 \$'000
Thai Baht - strengthened 5% (2015: 5%)	(23)	(22)
- weakened 5% (2015: 5%)	23	22
Malaysian Ringgit - strengthened 5% (2015: 5%)	2	40
- weakened 5% (2015: 5%)	(2)	(40)



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the financial year ended 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, other liabilities, bank loan, finance lease liabilities, less cash and bank balances. Capital includes equity attributable to equity holders of the Group.

	Group	
	2016 \$'000	2015 \$'000
Net debt:		
Trade and other payables (Note 22)	7,129	5,405
Other liabilities (Note 23)	162	152
Provisions (Note 24)	2,049	2,046
Bank loans (Note 25)	7,920	8,228
Finance lease liabilities (Note 30 (c))	389	499
Less: Cash and bank balances (Note 21)	(19,407)	(20,147)
	<u>(1,758)</u>	<u>(3,817)</u>
Capital:		
Equity attributable to the equity holders of the Company	<u>34,615</u>	<u>33,297</u>
Capital and net debt	<u>32,857</u>	<u>29,480</u>
Gearing ratio	<u>— (1)</u>	<u>— (1)</u>

(1) Not meaningful as cash and bank balances exceeds total debts.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 35. Segment information

### *Operating segments*

The Group is principally engaged in the manufacture and distribution of food products. As such, the Group has not presented a breakdown of segment information by operating segments.

### *Geographical segments*

The following table presents revenue and results information regarding the Group's business segments for the financial year ended 31 March 2016 and 31 March 2015.

2016	Singapore \$'000	Australia \$'000	Malaysia \$'000	Elimination	Total \$'000
<i>Revenue:</i>					
Sales	73,589	262	38	(32)	73,857
<i>Results:</i>					
Segment results	10,758	(132)	(186)	–	10,440
Depreciation	(3,898)	(30)	(174)	–	(4,102)
Amortisation	(44)	–	–	–	(44)
Finance costs	(182)	–	(17)	–	(199)
Profit/(loss) before tax	6,634	(162)	(377)	–	6,095
Income tax expense					(1,122)
Profit, net of tax					4,973
<i>Other segment information:</i>					
Segment assets	50,967	80	3,425	–	54,472
Capital expenditure					
- Tangible assets	5,786	–	1,086	–	6,872
- Intangible assets	417	–	–	–	417



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 35. Segment information (cont'd)

2015	Singapore \$'000	Australia \$'000	Malaysia \$'000	Elimination	Total \$'000
<i>Revenue:</i>					
Sales	71,347	312	–	(19)	71,640
<i>Results:</i>					
Segment results	10,870	(144)	(74)	–	10,652
Depreciation	(3,772)	(34)	(8)	–	(3,814)
Amortisation	(14)	–	–	–	(14)
Finance costs	(100)	–	(16)	–	(116)
Profit/(loss) before tax	6,984	(178)	(98)	–	6,708
Income tax expense					(1,423)
Profit, net of tax					5,285
<i>Other segment information:</i>					
Segment assets	48,584	142	3,340	–	52,066
Capital expenditure					
- Tangible assets	8,221	–	921	–	9,144
- Intangible assets	–	–	–	–	–



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2016

## 36. Dividends

### **Declared and paid during the financial year:**

Dividends on ordinary shares:

- Final exempt (one-tier) dividend for 2015: \$0.015 (2014: \$0.015) per share
- Interim exempt (one-tier) dividend for 2016: \$0.015 (2015: \$0.015) per share

### **Proposed but not recognised as a liability as at 31 March 2016:**

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

- Final exempt (one-tier) dividend for 2016: \$0.045 (2015: \$0.015) per share

Group and Company	
2016	2015
\$'000	\$'000
1,821	1,821
1,820	1,820
<u>3,641</u>	<u>3,641</u>
5,462	1,821
<u>5,462</u>	<u>1,821</u>

## 37. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 28 June 2016.



# STATISTICS OF SHAREHOLDINGS

As at 24 June 2016

## Share Capital

Issued and fully paid-up capital	:	S\$13,964,000
Number of shares	:	121,374,700
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares	:	Nil

## Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Han Keen Juan	71,136,000 <sup>(1)</sup>	58.61	8,892,000 <sup>(2)</sup>	7.33
Goodview Properties Pte Ltd	14,198,000	11.70	–	–
Far East Organization Centre Pte Ltd	–	–	14,198,000 <sup>(3)</sup>	11.70
Estate of Ng Teng Fong, Deceased	–	–	14,198,000 <sup>(3)</sup>	11.70
Mdm Tan Kim Choo	–	–	14,198,000 <sup>(3)</sup>	11.70
Lim Tao-E William	8,892,000	7.33	–	–
Ng Choi Hong	8,892,000	7.33	71,136,000 <sup>(2)</sup>	58.61

Notes:

- (1) Han Keen Juan has a direct interest in 10,000,000 shares held in the name of Hong Leong Finance Nominees Pte Ltd.
- (2) Han Keen Juan and Ng Choi Hong are husband and wife. Each is deemed to be interested in the direct interest of the other, as each has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of those shares held by the other.
- (3) Far East Organization Centre Pte Ltd, Estate of Ng Teng Fong, Deceased and Mdm Tan Kim Choo are deemed to have an interest in the shares held by Goodview Properties Pte Ltd.



# STATISTICS OF SHAREHOLDINGS

As at 24 June 2016

## Public Float

Based on the information available and to the best knowledge of the Company as at 24 June 2016, approximately 14.92% of the issued ordinary shares of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited.

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	171	17.24	1,943	0.00
100 - 1,000	208	20.97	177,605	0.15
1,001 - 10,000	377	38.00	1,947,170	1.60
10,001 - 1,000,000	230	23.19	14,950,082	12.32
1,000,001 AND ABOVE	6	0.60	104,297,900	85.93
<b>TOTAL</b>	<b>992</b>	<b>100.00</b>	<b>121,374,700</b>	<b>100.00</b>



# STATISTICS OF SHAREHOLDINGS

As at 24 June 2016

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HAN KEEN JUAN	61,136,000	50.37
2	GOODVIEW PROPERTIES PTE LTD	14,198,000	11.70
3	HONG LEONG FINANCE NOMINEES PTE LTD	10,019,900	8.26
4	LIM TAO-E WILLIAM	8,892,000	7.33
5	NG CHOI HONG	8,892,000	7.33
6	CHEW THYE CHUAN	1,160,000	0.96
7	CYL INVESTMENTS LIMITED	905,500	0.75
8	CHAN WENG CHIH MATTHEW (CHEN RONGZHI MATTHEW)	748,100	0.62
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	600,208	0.49
10	CHOW SIEN TAI @ CHOW PIN TAI	549,800	0.45
11	KOH CHIN HWA	438,000	0.36
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	425,300	0.35
13	LIM ADAM @ ADAM IBRAHIM	416,000	0.34
14	JAMES ALVIN LOW YIEW HOCK	410,000	0.34
15	RAFFLES NOMINEES (PTE) LIMITED	315,400	0.26
16	TAN KOK CHING	300,000	0.25
17	HENG CHEE MENG	270,000	0.22
18	SEAH WEE LIUM (XIE WEINIAN)	260,000	0.21
19	ONG CHING PING MRS CHING PING COATES	252,500	0.21
20	ONG JENN (WANG ZHEN)	252,500	0.21
<b>TOTAL</b>		<b>110,441,208</b>	<b>91.01</b>



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“**AGM**”) of the Company will be held at Republic Polytechnic, 9 Woodlands Avenue 9, Singapore 738964, Lecture Theatre LRE5 (Building E5, Level 3), on Tuesday, 26 July 2016 at 2.00 p.m. to transact the following businesses:

All capitalised terms in this Notice and defined in the Addendum shall, unless otherwise defined in this Notice, bear the respective meanings ascribed thereto in the Addendum.

## As Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax-exempt (one-tier) dividend of 4.5 Singapore cents per ordinary share for the financial year ended 31 March 2016. **[See Explanatory Note (i)]  
(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$164,000 for the financial year ending 31 March 2017 to be paid quarterly in arrears (2016: S\$164,000). **[See Explanatory Note (ii)]  
(Resolution 3)**
4. To re-elect Ms Chow Hui Shien as a Director retiring under Article 89 of the Constitution of the Company. **[See Explanatory Note (iii)]  
(Resolution 4)**
5. To re-elect Ms Audrey Yap Su Ming as a Director retiring under Article 89 of the Constitution of the Company. **[See Explanatory Note (iv)]  
(Resolution 5)**
6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business that may properly be transacted at an annual general meeting.



# NOTICE OF ANNUAL GENERAL MEETING

## As Special Business

### ORDINARY RESOLUTION: PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:-

8. That:

- (a) for the purposes of the Companies Act (Chapter 50) of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) market purchases (each a "**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) off-market purchases (each an "**Off-Market Purchase**") (if effected otherwise than on the Catalist) in accordance with any equal access schemes as defined in Section 76C of the Act as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and otherwise in accordance with all other listing rules and regulations of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");
- (b) unless varied or revoked by an ordinary resolution of shareholders of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution 7 and expiring on the earlier of:
  - (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
  - (ii) the date on which the Share Buyback(s) are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;



# NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution 7:

**“Prescribed Limit”** means 10% of the total number of Shares of the Company as at the date of the last annual general meeting which was held on 28 July 2015 or as at the date of passing of this Resolution 7 (whichever is the higher) unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of Shares of the Company shall be taken to be the amount of the total number of Shares of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

**“Relevant Period”** means the period commencing from the date on which the last annual general meeting was held or required by law to be held, before this Resolution 7 is passed and expiring on the date the next annual general meeting is held or is required by law to be held, the date on which the Share Buyback(s) are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier, after the date this Resolution 7 is passed; and

**“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, the price per Share which is not more than 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and which is deemed to be adjusted in accordance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (**“Catalist Rules”**) for any corporate action occurring after the relevant period of the five (5) Market Days period; and
- (ii) in the case of an Off-Market Purchase, the price per Share based on not more than 25% above the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an Off-Market Purchase scheme, and which is deemed to be adjusted in accordance with the Catalist Rules for any corporate action occurring after the relevant period of the five (5) Market Days period; and

**“Market Day”** means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they may consider desirable, expedient or necessary in the interest of the Company in connection with or for the purposes of giving full effect to the Share Buyback Mandate.

[See Explanatory Note (v)]  
(Resolution 7)



# NOTICE OF ANNUAL GENERAL MEETING

## ORDINARY RESOLUTION: THE PROPOSED SHARE ISSUE MANDATE TO ALLOT AND ISSUE SHARES OF UP TO 100% OF THE TOTAL NUMBER OF ISSUED SHARES ON A PRO-RATA BASIS AND UP TO 50% OF THE TOTAL NUMBER OF ISSUED SHARES OTHER THAN ON A PRO-RATA BASIS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:

9. That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-
- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
  - (b) issue Shares (in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution 8 was in force), provided that:-
    - (i) the aggregate number of Shares to be issued pursuant to this ordinary Resolution 8 does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below); and
    - (ii) subject to such manner of calculation 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 issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution 8 is passed, after adjusting for:-
      - (A) new Shares arising from the conversion or exercise of any convertible securities or Share options; or vesting of Share awards which are outstanding or subsisting at the time this Resolution 8 is passed, provided that the Share options or Share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
      - (B) any subsequent bonus issue, consolidation or sub-division of Shares;



# NOTICE OF ANNUAL GENERAL MEETING

- (iii) in exercising the authority conferred by this Resolution 8, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalyst Rules for the time being in force and (in each case, unless such compliance has been waived by the SGX-ST) all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 8 shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **[See Explanatory Note (vi)]**  
**(Resolution 8)**

## **ORDINARY RESOLUTION: AUTHORITY TO GRANT AWARDS IN ACCORDANCE WITH THE OLD CHANG KEE PERFORMANCE SHARE SCHEME**

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modifications:

10. That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore, the Directors of the Company be and are hereby authorised and empowered to grant awards ("**Awards**") in accordance with the provisions of the Old Chang Kee Performance Share Scheme (the "**Scheme**") and to allot and issue or deliver from time to time such number of fully paid-up Shares ("**Award Shares**") as may be required to be allotted and issued or delivered pursuant to the vesting of the Award Shares under the Scheme, provided that the aggregate number of Award Shares to be allotted and issued pursuant to the Scheme and all other share option, share incentive, performance share or restricted share plans implemented by the Company and for the time being in force, shall not exceed fifteen per cent. (15%) of the total number of issued ordinary shares of the Company (excluding treasury shares) from time to time. **[See Explanatory Note (vii)]**  
**(Resolution 9)**

By Order of the Board

Adrian Chan Pengee  
Company Secretary  
Singapore

11 July 2016



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The proposed final tax-exempt (one-tier) dividend of 4.5 Singapore cents per ordinary share comprises an ordinary dividend of 1.5 Singapore cents per ordinary share and a special dividend of 3 Singapore cents per ordinary share for the financial year ended 31 March 2016.
- (ii) Directors' Fees are for the forthcoming financial year from 1 April 2016 to 31 March 2017, to be paid out quarterly in arrears.
- (iii) Ms Chow Hui Shien will, upon re-election as a Director of the Company, remain as an Executive Director and Deputy CEO of the Company. Ms Chow Hui Shien is the niece of Mr Han Keen Juan, the Executive Chairman and controlling shareholder of the Company and Mdm Ng Choi Hong, a deemed controlling shareholder of the Company and the cousin of Mr Lim Tao-E William, an Executive Director and the Chief Executive Officer of the Company. Save for the aforementioned, Ms Chow Hui Shien does not have any relationships including immediate family relationships between herself and the Directors, the Company and its 10% shareholders. Further information on Ms Chow Hui Shien can be found under the sections entitled "Board of Directors" and "Corporate Governance" of the Annual Report 2016.
- (iv) Ms Audrey Yap Su Ming will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee. She is the Managing Partner of Yusarn Audrey, a law firm which provides professional advice on trademarks and franchising matters to the Group. The Board considers Ms Audrey Yap Su Ming to be independent for the purpose of Rule 704(7) of the Catalist Rules. Save for the aforementioned, Ms Audrey Yap Su Ming does not have any relationships including immediate family relationships between herself and the Directors, the Company and its 10% shareholders. Further information on Ms Audrey Yap Su Ming can be found under the sections entitled "Board of Directors" and "Corporate Governance" of the Annual Report 2016.
- (v) The ordinary resolution proposed in item 8 above relates to the renewal of a mandate approved by shareholders of the Company at the annual general meeting of the Company held on 28 July 2015, and if passed, will empower the Directors of the Company, from the date of the above AGM until the date of the next annual general meeting to be held or is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent. (10%) of the total number of ordinary shares (excluding treasury shares) of the Company at prices up to but not exceeding the Maximum Price. The rationale for the Share Buyback Mandate, the authority and limitation on the purchase or acquisition of Shares under the Share Buyback Mandate, the source of funds to be used for the purchase or acquisition including the amount of financing, and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate are set out in greater detail in the Addendum to shareholders of the Company.
- (vi) The ordinary resolution proposed in item 9 above, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next annual general meeting to be held or is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue up to hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) (including Shares to be issued in pursuance of any Instrument made or granted while this Resolution 8 was in force), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of any Instrument made or granted while this Resolution 8 was in force) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by Resolution 8, for such purposes as the Directors may consider to be in the interests of the Company.



# NOTICE OF ANNUAL GENERAL MEETING

- (vii) The ordinary resolution proposed in item 10 above, if passed, will empower the Directors of the Company to offer and grant awards, and to allot and issue new ordinary shares in the capital of the Company, pursuant to the vesting of the Award Shares under the Scheme (which was approved by shareholders at the Extraordinary General Meeting held on 29 April 2009) as may be modified by the Directors of the Company from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the Scheme and all other share option, share incentive, performance share or restricted share plans implemented by the Company and for the time being in force, shall not exceed fifteen per cent. (15%) of the total number of issued ordinary shares of the Company (excluding treasury shares) from time to time.

## Notes:

- (1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the “Act”), a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, 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.
- (2) Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.

“Relevant Intermediary” means:

- (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore 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;
- (ii) a person holding a capital markets service licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore, and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, 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.
- (3) The instrument appointing the proxy, duly executed, must be deposited at the registered office of the Company at 2 Woodlands Terrace, Singapore 738427 not later than 48 hours before the time set for the AGM.



# NOTICE OF ANNUAL GENERAL MEETING

## **Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 (including any adjournment(s) thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment(s) 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.

Photographic, sound and/or video recordings of the above AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member or a member's proxy(ies) and/or representative(s) (such as the name, presence at the AGM and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.

In addition, the Company may upon the request of any shareholder, provide such shareholder with a copy of the minutes of the above AGM (and/or recordings made and/or transcripts thereof), which may contain the personal data of a member or a member's proxy(ies) and/or representative(s) as explained above. By participating in the AGM, raising any questions and/or proposing/seconding any motion, a member or a member's proxy(ies) and/or representative(s) will be deemed to have consented to have his/her personal data recorded and dealt with for the purposes and in the manner explained above.



# ADDENDUM

**ADDENDUM DATED 11 JULY 2016**

**THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Addendum is circulated to shareholders of Old Chang Kee Ltd. (the "**Company**") together with the Company's annual report for the financial year ended 31 March 2016 (the "**Annual Report**"). Its purpose is to provide shareholders with the relevant information relating to, and to seek shareholders' approval for, the proposed renewal of the Share Buy-back Mandate (as defined hereinafter) to be tabled at the annual general meeting to be held on Tuesday, 26 July 2016 at 2.00 p.m. at Republic Polytechnic, 9 Woodlands Avenue 9, Singapore 738964, Lecture Theatre LRE5 (Building E5, Level 3) (the "**AGM**").

**If you are in doubt about the contents of this Addendum or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

Your attention is drawn to page 170 of this Addendum in respect of actions to be taken if you wish to attend and vote at the AGM. The notice of AGM and proxy form are enclosed with the Annual Report.

This Addendum 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 Addendum.

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

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

OldChangKee  老曾记  
since 1952

**OLD CHANG KEE LTD.**

(Incorporated in the Republic of Singapore on 16 December 2004)  
(Company Registration No. 200416190W)

**ADDENDUM TO SHAREHOLDERS**

**in relation to**

**THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE**

OldChangKee  老曾记  
since 1952

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# ADDENDUM

## DEFINITIONS

For the purpose of this Addendum, the following definitions have, where appropriate, been used:

"ACRA"	:	Accounting and Corporate Regulatory Authority
"AGM"	:	The annual general meeting of the Company to be held on 26 July 2016
"Approval Date"	:	Has the meaning ascribed to it in Section 1.3.1 of this Addendum
"Associates"	:	Shall bear the meaning assigned to it by the Listing Manual
"Board"	:	The board of Directors of the Company
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"CDP"	:	The Central Depository (Pte) Limited
"cents"	:	Singapore cents
"Company" or "Old Chang Kee"	:	Old Chang Kee Ltd.
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"Constitution"	:	The Constitution of the Company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or (b) in fact exercises control over a company
"Council"	:	The Securities Industry Council
"Directors"	:	Directors of the Company as at the date of this Addendum



# ADDENDUM

“EPS”	:	Earnings per Share
“Group”	:	The Company and its Subsidiaries
“Latest Practicable Date”	:	27 June 2016, being the latest practicable date prior to the printing of this Addendum
“Listing Manual”	:	The provisions of the SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Section 1.3.3 of this Addendum
“Maximum Price”	:	Has the meaning ascribed to it in Section 1.3.4 of this Addendum
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 1.3.3 of this Addendum
“Relevant Period”	:	The period commencing from the date the last annual general meeting was held or was required by law to be held before the resolution relating to the Share Buy-back Mandate is passed and expiring on the date the next annual general meeting is or required by law to be held, the date on which the share buy-backs are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earliest, after the said resolution is passed
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buy-back(s)”	:	The buy-back(s) of Shares by the Company pursuant to the terms of the Share Buy-back Mandate
“Share Buy-back Mandate”	:	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 1.3 of this Addendum
“Shareholders”	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose securities accounts with CDP are credited with the Shares



# ADDENDUM

“Shares”	:	Ordinary shares in the capital of the Company
“Subsidiaries”	:	The subsidiaries of a company (as defined in Section 5 of the Companies Act) and “Subsidiary” shall be construed accordingly
“Substantial Shareholders”	:	A person who has an interest or interests in voting shares in the Company representing not less than 5% of all the voting shares in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers

## Currencies and others

“S\$”	:	Singapore dollars
“%” or “per cent.”	:	Per centum or percentage

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore. The term “treasury shares” shall have the meaning ascribed to it in Section 4 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term or word defined under the Securities and Futures Act or the Companies Act or the Listing Manual or any statutory or regulatory modification thereof and used in this Addendum shall where applicable have the same meaning ascribed to it under the Securities and Futures Act, the Companies Act or the Listing Manual or such statutory modification, as the case may be, unless otherwise provided.

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Addendum may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of a day in this Addendum is a reference to Singapore time.



# ADDENDUM

## OLD CHANG KEE LTD.

(Incorporated in the Republic of Singapore on 16 December 2004)  
(Company Registration No. 200416190W)

### LETTER TO SHAREHOLDERS

#### Directors:

Han Keen Juan (Executive Chairman)  
Lim Tao-E William (Chief Executive Officer and Executive Director)  
Chow Hui Shien (Deputy Chief Executive Officer and Executive Director)  
Ong Chin Lin (Lead Independent Director)  
Audrey Yap Su Ming (Independent Director)  
Zainudin Bin Nordin (Independent Director)

#### Registered Office:

2 Woodlands Terrace  
Singapore 738427

**11 July 2016**

To: The Shareholders of Old Chang Kee Ltd.

#### THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

Dear Shareholder,

#### 1. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

##### 1.1 Introduction

Shareholders had approved the adoption of the Share Buy-back Mandate at the Extraordinary General Meeting held on 29 April 2009 ("2009 EGM") to allow the Company to purchase or otherwise acquire fully-paid issued ordinary shares in the capital of the Company. The authority and limitations on the Share Buy-back Mandate were set out in the circular dated 14 April 2009 and ordinary resolution 1 set out in the notice of the 2009 EGM.

The Share Buy-back Mandate was renewed at the Company's previous annual general meeting held on 28 July 2015 and will expire on the date of the AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buy-back Mandate at the AGM to be held on 26 July 2016.



# ADDENDUM

If approved, the Share Buy-back Mandate will take effect from the date of the AGM and continue in force until the date of the next annual general meeting or such date as the next annual general meeting is required by law to be held, unless prior thereto, Share Buy-backs are carried out to the full extent mandated or the Share Buy-back Mandate is revoked or varied by the Company in a general meeting. In order to continue the Share Buy-back Mandate, the Share Buy-back Mandate will have to be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

The purchase of Shares by the Company pursuant to the Share Buy-back Mandate will have to be made in accordance with the Constitution, the Listing Manual, the Companies Act, and such other laws and regulations as may for the time being be applicable. The Constitution expressly permits the Company to purchase or otherwise acquire Shares issued by it.

The Company has on 11 July 2016 issued a notice convening the AGM, and the proposed Resolution 7 in the notice of the AGM relates to the proposed renewal of the Share Buy-back Mandate.

The purpose of this Addendum is to provide Shareholders with information relating to the proposed renewal of the Share Buy-back Mandate to be tabled at the AGM to be held at Republic Polytechnic, 9 Woodlands Avenue 9, Singapore 738964, Lecture Theatre LRE5 Building E5, Level 3 on 26 July 2016 at 2.00 p.m.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this Addendum.

## 1.2 Rationale

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buy-back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share buy-backs provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net tangible asset value per Share.

The Directors further believe that share buy-backs by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence.

If and when circumstances permit, the Directors will decide whether to effect the share buy-backs via Market Purchases (as defined herein) or Off-Market Purchases (as defined herein), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.



# ADDENDUM

## 1.3 Terms of the Share Buy-back Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Buy-back Mandate are summarised below:

### 1.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the total number of Shares of the Company as at the last annual general meeting which was held on 28 July 2015 or as at the date of the annual general meeting at which the Share Buy-back Mandate is approved (the “**Approval Date**”) (whichever is the higher) unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the amount of the total number of Shares as altered (excluding any treasury shares that may be held by the Company from time to time).

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of S\$13,964,000 comprising 121,374,700 Shares, and assuming that no further Shares are issued on or prior to the AGM, not more than 12,137,470 Shares (representing approximately 10% of the total number of ordinary shares of the Company excluding treasury shares as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

### 1.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next annual general meeting is held or required by law to be held;
- (b) the date on which the Share Buy-backs are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;



# ADDENDUM

## 1.3.3 Manner of purchase of Shares

Purchases of Shares may be made by way of:

- (a) market purchases ("**Market Purchase**"), transacted through the SGX-ST or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the Catalist) in accordance with an equal access scheme as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
  - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;



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- (c) the reasons for the proposed Share Buy-back;
- (d) the consequences, if any, of share buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buy-back, if made, could affect the listing of the Shares on the SGX-ST;
- (f) details of any Share Buy-back made by the Company in the previous 12 months (whether Market Purchase or Off-Market Purchase), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company would be cancelled or kept as treasury shares.

## 1.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, the price per Share which is not more than 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and which is deemed to be adjusted in accordance with the Listing Manual for any corporate action occurring after the relevant period of the five (5) Market Days period; and
- (b) in the case of an Off-Market Purchase, the price per Share based on not more than 25% above the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an Off-Market Purchase scheme, and which is deemed to be adjusted in accordance with the Listing Manual for any corporate action occurring after the relevant period of the five (5) Market Days period,

in either case, excluding related expenses of the purchase (the “**Maximum Price**”).



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For the purposes of (b) above:-

**“day on which the Company makes an announcement of an offer”** means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from the Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## **1.4 Status of purchased shares under the Share Buy-back Mandate**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Where Shares purchased or acquired by a company are cancelled, such Shares will be automatically de-listed from the Catalist. Where applicable, certificates in respect of such cancelled Shares will be cancelled and destroyed by the Company as soon as is reasonably practicable after following the settlement of such purchase or acquisition. Accordingly, the total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interests of the Company at that time.

## **1.5 Treasury shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

### **1.5.1 Maximum holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of Shares at that time.



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## 1.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

## 1.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

Pursuant to Rule 704(31) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;



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- (iv) number of such shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

## 1.6 Sources of funds for Share Buy-back

The Company may only apply funds for the purchase or acquisition of Shares in accordance with the Constitution and the applicable laws and regulations in Singapore. The Company may not purchase or acquire its Shares for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchase of Shares could only be made out of the Company's distributable profits that are available for payment as dividends, as well as from its capital, provided that:

- (a) there is no ground on which the Company could be found to be unable to pay its debts and it will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources and/or external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buy-back Mandate.

## 1.7 Financial effects of the Share Buy-back Mandate

The financial effects on the Company and the Group arising from the Share Buy-backs which may be made pursuant to the Share Buy-back Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired, whether the Shares purchased or acquired are held as treasury shares or cancelled and the amount (if any) borrowed by the Company to fund the purchase or acquisition.



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Where the Company chooses not to hold the purchased Shares as treasury shares, such Shares shall be cancelled. The Company shall:-

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Where the Company chooses to hold the purchased Shares as treasury shares, the total number of issued Shares of the Company will remain unchanged.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 March 2016, are based on the following principal assumptions:

- (a) the acquisition of Shares pursuant to the Share Buy-back Mandate had taken place on 1 April 2015 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the maximum number of Shares that can be bought back without adversely affecting the 10% public float requirement is 6,637,367;
- (c) the acquisition of Shares pursuant to the Share Buy-back Mandate had taken place on 31 March 2016 for the purpose of computing the financial effects on the shareholders' equity, NTA per Share and gearing of the Group and the Company; and
- (d) transaction costs incurred for the acquisition of Shares pursuant to the Share Buy-back Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.



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## 1.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

## 1.7.2 Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued and paid-up capital of the Company is S\$13,964,000 comprising 121,374,700 Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date.

## 1.7.3 Financial effects

For illustrative purposes only, and on the basis of the assumptions set out below, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made out of capital and held as treasury shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made out of capital and cancelled;

based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2016 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buy-back Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buy-back Mandate by way of purchases made out of capital are set out in this Addendum.



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## 1.7.3.1 Purchases made entirely out of capital and held as treasury shares

### Market Purchase

**For illustrative purposes only**, in a Market Purchase, assuming that the Maximum Price is S\$0.71, which is 105% of the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (being the date of the Market Purchase by the Company), and which is deemed to be adjusted in accordance with the Listing Manual for any corporate action occurring after the relevant period of the five (5) Market Days period, the maximum amount of funds required for the purchase of up to 6,637,367 Shares is S\$4,712,531. On this assumption, the impact of the Share Buy-back by the Company undertaken in accordance with the proposed Share Buy-back Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 March 2016 is as follows:

As at 31 March 2016	Company		Group	
	Before the Share Buy-back	After the Share Buy-back	Before the Share Buy-back	After the Share Buy-back
Shareholders' Equity (S\$'000)	20,493	15,781	34,615	29,903
NTA (S\$'000)	20,493	15,781	34,230	29,518
Current Assets (S\$'000)	16,353	11,641	23,138	18,426
Current Liabilities (S\$ '000)	1,773	1,773	10,940	10,940
Working Capital (S\$ '000)	14,580	9,868	12,198	7,486
Total Borrowings (S\$ '000)	–	–	8,309	8,309
Cash & Cash Equivalents (S\$ '000)	6,594	1,882	19,407	14,695
Net Profit (S\$ '000)	5,506	5,506	4,973	4,973
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	16.88	13.75	28.20	25.73
Basic EPS (cents)	4.54	4.80	4.10	4.33
Debt Equity Ratio (%)	–	–	24.0	27.8
Current Ratio (times)	9.2	6.6	2.1	1.7



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## Off-Market Purchase

**For illustrative purposes only**, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.85, which is 125% of the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (being the date on which the Company makes an announcement of the offer under the Off-Market Purchase scheme), the maximum amount of funds required for the purchase of up to 6,637,367 Shares is S\$5,641,762. On this assumption, the impact of the Share Buy-back by the Company undertaken in accordance with the proposed Share Buy-back Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 March 2016 is as follows:

As at 31 March 2016	Company		Group	
	Before the Share Buy-back	After the Share Buy-back	Before the Share Buy-back	After the Share Buy-back
Shareholders' Equity (S\$'000)	20,493	14,852	34,615	28,974
NTA (S\$'000)	20,493	14,852	34,230	28,589
Current Assets (S\$'000)	16,353	10,712	23,138	17,497
Current Liabilities (S\$ '000)	1,773	1,773	10,940	10,940
Working Capital (S\$ '000)	14,580	8,939	12,198	6,557
Total Borrowings (S\$ '000)	–	–	8,309	8,309
Cash & Cash Equivalents (S\$ '000)	6,594	953	19,407	13,766
Net Profit (S\$ '000)	5,506	5,506	4,973	4,973
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	16.88	12.94	28.20	24.92
Basic EPS (cents)	4.54	4.80	4.10	4.33
Debt Equity Ratio (%)	–	–	24.0	28.7
Current Ratio (times)	9.2	6.0	2.1	1.6



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## 1.7.3.2 Purchases made entirely of capital and cancelled

### Market Purchase

**For illustrative purposes only**, in a Market Purchase, assuming that the Maximum Price is S\$0.71, which is 105% of the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (being the date of the Market Purchase by the Company), and which is deemed to be adjusted in accordance with the Listing Manual for any corporate action occurring after the relevant period of the five (5) Market Days period, the maximum amount of funds required for the purchase of up to 6,637,367 Shares is S\$4,712,531. On this assumption, the impact of the Share Buy-back by the Company undertaken in accordance with the proposed Share Buy-back Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 March 2016 is as follows:

As at 31 March 2016	Company		Group	
	Before the Share Buy-back	After the Share Buy-back	Before the Share Buy-back	After the Share Buy-back
Shareholders' Equity (S\$'000)	20,493	15,781	34,615	29,903
NTA (S\$'000)	20,493	15,781	34,230	29,518
Current Assets (S\$'000)	16,353	11,641	23,138	18,426
Current Liabilities (S\$ '000)	1,773	1,773	10,940	10,940
Working Capital (S\$ '000)	14,580	9,868	12,198	7,486
Total Borrowings (S\$ '000)	–	–	8,309	8,309
Cash & Cash Equivalents (S\$ '000)	6,594	1,882	19,407	14,695
Net Profit (S\$ '000)	5,506	5,506	4,973	4,973
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	16.88	13.75	28.20	25.73
Basic EPS (cents)	4.54	4.80	4.10	4.33
Debt Equity Ratio (%)	–	–	24.0	27.8
Current Ratio (times)	9.2	6.6	2.1	1.7



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## Off-Market Purchase

For illustrative purposes only, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.85, which is 125% of the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date (being the date on which the Company makes an announcement of the offer under the Off-Market Purchase scheme), the maximum amount of funds required for the purchase of up to 6,637,367 Shares is S\$5,641,762. On this assumption, the impact of the Share Buy-back by the Company undertaken in accordance with the proposed Share Buy-back Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 March 2016 is as follows:

As at 31 March 2016	Company		Group	
	Before the Share Buy-back	After the Share Buy-back	Before the Share Buy-back	After the Share Buy-back
Shareholders' Equity (S\$'000)	20,493	14,852	34,615	28,974
NTA (S\$'000)	20,493	14,852	34,230	28,589
Current Assets (S\$'000)	16,353	10,712	23,138	17,497
Current Liabilities (S\$ '000)	1,773	1,773	10,940	10,940
Working Capital (S\$ '000)	14,580	8,939	12,198	6,557
Total Borrowings (S\$ '000)	–	–	8,309	8,309
Cash & Cash Equivalents (S\$ '000)	6,594	953	19,407	13,766
Net Profit (S\$ '000)	5,506	5,506	4,973	4,973
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	16.88	12.94	28.20	24.92
Basic EPS (cents)	4.54	4.80	4.10	4.33
Debt Equity Ratio (%)	–	–	24.0	28.7
Current Ratio (times)	9.2	6.0	2.1	1.6



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The actual impact will depend on the number and price of the Shares bought back. The Directors do not propose exercising the proposed Share Buy-back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and capital adequacy position of the Company.

**Shareholders should note that the financial effects set out above are based on certain assumptions and are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 March 2016 and is not necessarily representative of future financial performance.**

Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

## 1.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

## 1.9 Requirements under the Companies Act and Listing Manual

Within thirty (30) days of the passing of a Shareholders' resolution to approve the Share Buy-back Mandate, the Company shall lodge a copy of such resolution with the ACRA.

Within thirty (30) days of a Share Buy-back or acquisition on the Catalist or otherwise, the Company shall lodge with the ACRA a notification of the Share Buy-back or acquisition in the prescribed form. Such notification shall include, *inter alia*, the date of the purchase, the number of Shares purchased, the number of Shares cancelled and/or the number of Shares held as treasury Shares, the Company's issued share capital before and after the Share Buy-back, the amount of consideration paid by the Company for the purchase and whether the Shares were purchased out of the profits or capital of the Company.

Under the Listing Manual, a listed company may purchase shares by way of Market Purchases at a price per share which is, *inter alia*, not more than 5% above the average of the closing market prices of the Shares over the last five (5) Market Days on the Catalist, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and which is deemed to be adjusted in accordance with the Listing Manual for any corporate action occurring after the relevant period of the five (5) Market Days period. The Maximum Price for a Share in relation to Market Purchases by the Company conforms to this restriction.



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The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m., (a) in the case of a Market Purchase, on the Market Day following the day on which it purchased shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable and such announcement must be made in the form of Appendix 8D of the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buy-back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases commencing two weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company’s full year financial statements.

## 1.10 Listing Status

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The “public”, as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or Controlling Shareholders of the Company or its Subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there are 992 Shareholders and 18,111,100 Shares are in the hands of the public (as defined above), representing approximately 14.92% of the issued share capital of the Company. For illustrative purposes only, assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buy-back Mandate and all such Shares purchased are held by the public, the number of Shares in the hands of the public would be reduced by approximately 12,137,470 Shares, the resultant number of Shares held by public Shareholders would be reduced to 5,973,630, representing approximately 5.47% of the remaining issued Shares of the Company. Therefore in such a case and in order not to adversely affect the listing status of Shares on the SGX-ST, the Company will not be permitted to undertake purchases or acquisitions of its Shares to the full 10% limit pursuant to the Share Buy-back Mandate if it will result in the number of Shares held by public Shareholders falling below 10% of the remaining issued Shares of the Company. Accordingly, the Company is restricted to market purchases of up to 6,637,367 Shares which would result in the number of Shares in the hands of the public to be reduced to 11,473,733 Shares, representing 10% of the remaining issued Shares of the Company.



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## 1.11 Take-over Obligations

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

### 1.11.1 Obligation to make a take-over offer

Under Appendix 2 of the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share Buy-back by the Company will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, a Shareholder or group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company, and become obligated to make a take-over offer for the Company under Rule 14.

Pursuant to Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of 6 months.

### 1.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, and any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company; and



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- (c) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the individual's instructions, and companies controlled by any of the aforementioned persons and entities, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purposes of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

## 1.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Shareholders and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholders and their concert parties would increase to 30% or more, or if the voting rights of such Shareholders and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate.

Shareholders will be subject to the provisions of Rule 14 if they acquire any Shares after Share Buy-backs by the Company.

Based on the information set out below, in the event that the Company undertakes Share Buy-backs of up to 10% of the issued share capital of the Company as permitted by the Share Buy-back Mandate, none of the Directors or Substantial Shareholders are required to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

The Directors are not aware of any potential Shareholders who may have to make a mandatory take-over offer to the other Shareholders as a result of a purchase of Shares by the Company pursuant to the proposed Share Buy-back Mandate.

Shareholders are advised to consult their professional advisers and/or the Council and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buy-back Mandate.



# ADDENDUM

Purely for illustrative purposes, on the basis of 121,374,700 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 12,137,470 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate, if so approved by Shareholders at the AGM.

Assuming that the Share Buy-back Mandate is validly and fully exercised prior to the next annual general meeting and the maximum allowed number of Shares, being 12,137,470 Shares have been purchased or acquired (on the basis that there would have been no change to the number of Shares in issue at the time of such exercise), and that such re-purchased Shares are not acquired from Directors and the Substantial Shareholders and are deemed cancelled immediately upon purchase or held as treasury shares, based on the Register of Directors' Shareholdings and Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders would be changed as follows:

	Before the Share Buy-back				After the Share Buy-back			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Directors</b>								
Han Keen Juan <sup>(4)</sup>	71,136,000 <sup>(3)</sup>	58.61	8,892,000	7.33	71,136,000 <sup>(3)</sup>	65.12	8,892,000	8.14
Lim Tao-E William	8,892,000	7.33	–	–	8,892,000	8.14	–	–
Ong Chin Lin	65,000	0.05	–	–	65,000	0.06	–	–
Chow Hui Shien	80,600	0.07	–	–	80,600	0.07	–	–
<b>Substantial Shareholders</b>								
Ng Choi Hong <sup>(4)</sup>	8,892,000	7.33	71,136,000	58.61	8,892,000	8.14	71,136,000	65.12
Goodview Properties Pte Ltd	14,198,000	11.70	–	–	14,198,000	13.00	–	–
Far East Organization Centre Pte Ltd <sup>(5)</sup>	–	–	14,198,000	11.70	–	–	14,198,000	13.00
Estate of Ng Teng Fong, Deceased <sup>(5)</sup>	–	–	14,198,000	11.70	–	–	14,198,000	13.00
Mdm Tan Kim Choo <sup>(5)</sup>	–	–	14,198,000	11.70	–	–	14,198,000	13.00

## Notes:

- (1) Percentages calculated based on 121,374,700 Shares in issue as at the Latest Practicable Date.
- (2) Percentages calculated based on 109,237,230 Shares, assuming the Company purchases the maximum allowed number of ten per cent. (10%) of the Shares as at the Latest Practicable Date.
- (3) Han Keen Juan has a direct interest in 10,000,000 Shares held in the name of Hong Leong Finance Nominees Pte Ltd.
- (4) Han Keen Juan and Ng Choi Hong are husband and wife. Each is deemed to be interested in the direct interest of the other, as each has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of those shares held by the other.
- (5) Far East Organization Centre Pte Ltd, Estate of Ng Teng Fong, Deceased and Mdm Tan Kim Choo are deemed to have an interest in the shares held by Goodview Properties Pte Ltd.



# ADDENDUM

## 1.12 Shares purchased by the Company

The Company has not made any Share Buy-backs in the 12 months preceding the Latest Practicable Date.

## 1.13 Limits on shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

## 2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 2 Woodlands Terrace Singapore 738427, not later than 48 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Part IIIAA of the Securities and Futures Act (Chapter 289) of Singapore at least 72 hours before the AGM.

## 3. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 7 being the ordinary resolution relating to the proposed renewal of the Share Buy-back Mandate.



# ADDENDUM

## 4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

## 5. DOCUMENTS FOR INSPECTION

A copy of the following documents may be inspected at the registered office of the Company at 2 Woodlands Terrace Singapore 738427, during normal business hours from the date of this Addendum up to and including the date of the AGM:

- (a) the Annual Report of the Company for the financial year ended 31 March 2016; and
- (b) the Constitution of the Company.

Yours faithfully  
For and on behalf of the Board of Directors of  
Old Chang Kee Ltd.

Lim Tao-E William  
Chief Executive Officer





**PROXY FORM**  
**Old Chang Kee Ltd.**  
 Company Registration No. 200416190W  
 (Incorporated In The Republic of Singapore)

**IMPORTANT**

- Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore, Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting (the "**Meeting**").
- For investors who have used their CPF monies to buy Old Chang Kee Ltd.'s shares, the 2016 Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

\*I/We, \_\_\_\_\_ of \_\_\_\_\_

being a \*member/members of Old Chang Kee Ltd. (the "Company"), hereby appoint:

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

\*and/or

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf at the Meeting of the Company to be held at Republic Polytechnic, 9 Woodlands Avenue 9, Singapore 738964, Lecture Theatre LRE5 (Building E5, Level 3), on Tuesday, 26 July 2016 at 2.00 p.m. and at any adjournment thereof. \*I/We direct \*my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the \*proxy/proxies will vote or abstain from voting at \*his/her discretion.

No.	Resolutions relating to:	For#	Against#
<b>As Ordinary Business</b>			
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2016		
2	Payment of proposed final tax-exempt (one-tier) dividend of 4.5 Singapore cents per ordinary share in respect of the financial year ended 31 March 2016		
3	Approval of Directors' Fees amounting to S\$164,000 for the financial year ending 31 March 2017 to be paid quarterly in arrears		
4	Re-election of Ms Chow Hui Shien as Director of the Company		
5	Re-election of Ms Audrey Yap Su Ming as Director of the Company		
6	Re-appointment of Ernst & Young LLP as Auditors of the Company and authorising Directors to fix their remuneration		
<b>As Special Business</b>			
7	Authority to purchase shares pursuant to the Renewal of Share Buyback Mandate		
8	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
9	Authority to grant awards and to allot and issue shares in accordance with the Old Chang Kee Performance Share Scheme		

# If you wish to exercise all your votes "For" or "Against", please tick with "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
<b>TOTAL</b>	

Signature of Shareholder(s) \_\_\_\_\_  
 or, Common Seal of Corporate Shareholder  
 \* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**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 815F of the Securities and Futures Act (Chapter 289) of Singapore), 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. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the "Act"), a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, 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.
3. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.  
"Relevant Intermediary" means:
  - (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore 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;
  - (ii) a person holding a capital markets service licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore, and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, 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.
4. A proxy need not be a member of the Company.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. 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 Meeting.
6. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, must be deposited at the registered office of the Company at 2 Woodlands Terrace, Singapore 738427 not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised 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 authorised. 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 authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Act.

**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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2016.





### Location of Annual General Meeting:

Republic Polytechnic, 9 Woodlands Avenue 9,  
Singapore 738964, Lecture Theatre LRE5 (Building E5, Level 3)

### HOW TO GET THERE:

#### By Car (Shortest Route)

PIE (Jurong)	Exit onto BKE(Woodlands) (Exit 24)
BKE	Exit onto SLE (Exit 8)
SLE	Exit via Woodlands Ave 2 (Exit 10)
Woodlands Ave 2	Turn right into Woodlands Ave 9 at the 4th junction (after you see Woodlands MRT on your left)
Woodlands Ave 9	Turn left into Republic Polytechnic (drop off/ pick-up point & basement carpark)

#### By Bus

TO Woodlands Interchange	169 902*
FROM Woodlands Interchange TO Woodlands Ave 9	169 902*
FROM Woodlands Interchange TO Woodlands Ave 2	169 903 NR

\* Bus 902

Timing: 7.30am to 10am

Days: Monday to Friday





Old Chang Kee Ltd., 2 Woodlands Terrace, Singapore 738427  
Tel: (65) 6303 2400 Fax: (65) 6303 2415