

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

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

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

Consolidated statement of comprehensive income

	The Group			The Group		
	3Q2019 S\$'000	3Q2018 S\$'000	+/(-) %	9M2019 S\$'000	9M2018 S\$'000	+/(-) %
Revenue	23,077	22,227	3.8	68,825	64,232	7.2
Cost of sales	(8,275)	(8,808)	(6.1)	(24,645)	(25,397)	(3.0)
Gross profit	14,802	13,419	10.3	44,180	38,835	13.8
Other items of income						
Interest income on short term deposits	17	10	70.0	44	39	12.8
Other income	184	187	(1.6)	633	558	13.4
Other items of expenses						
Selling and distribution expenses	(9,321)	(8,862)	5.2	(28,433)	(26,161)	8.7
Administrative expenses	(3,315)	(2,861)	15.9	(9,827)	(8,769)	12.1
Finance costs	(84)	(74)	13.5	(244)	(212)	15.1
Other expenses	(453)	(428)	5.8	(1,416)	(974)	45.4
Profit before tax and share of results of joint venture	1,830	1,391	31.6	4,937	3,316	48.9
Share of results of joint venture	(38)	(19)	100.0	(236)	(72)	227.8
Profit before tax	1,792	1,372	30.6	4,701	3,244	44.9
Income tax expense	(248)	(133)	86.5	(886)	(586)	51.2
Profit for the period	1,544	1,239	24.6	3,815	2,658	43.5
Other comprehensive income						
Exchange differences on translating foreign operations	28	(6)	(566.7)	82	(20)	(510.0)
Other comprehensive income for the period, net of tax	28	(6)	(566.7)	82	(20)	(510.0)
Total comprehensive income for the period, attributable to owners of the Company	1,572	1,233	27.5	3,897	2,638	47.7

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

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

	The Group			The Group		
	3Q2019	3Q2018	+/(-)	9M2019	9M2018	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	16	16	0.0	47	47	0.0
Depreciation of property, plant and equipment	1,312	1,197	9.6	3,975	3,445	15.4
Interest income from short-term deposits	(17)	(10)	70.0	(44)	(39)	12.8
Interest expenses	84	74	13.5	244	212	15.1
Loss / (gain) in foreign exchange, net	40	(49)	(181.6)	173	(109)	(258.7)
Property, plant and equipment written off	11	235	(95.3)	123	341	(63.9)
Gain on disposal of property, plant and equipment	-	(63)	(100.0)	(83)	(36)	130.6
Impairment loss on trade receivables	59	-	NM	59	-	NM

NM: Not meaningful

2. The major components of taxation comprise:

	The Group			The Group		
	3Q2019	3Q2018	+/(-)	9M2019	9M2018	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax						
-Current income taxation	437	140	212.1	1,141	398	186.7
-Over provision in respect of prior year	(165)	(103)	60.2	(165)	(108)	52.8
Deferred income tax						
-Movement in temporary differences	(24)	96	(125.0)	(90)	296	(130.4)
Taxation recognised in the consolidated statement of comprehensive income	248	133	86.5	886	586	51.2

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

	The Group			The Company	
	31-12-2018 S\$'000	31-03-2018 S\$'000 (Restated)	01-04-2017 S\$'000 (Restated)	31-12-2018 S\$'000	31-03-2018 S\$'000
Non-Current Assets					
Property, plant and equipment	29,239	31,560	27,571	-	-
Intangible assets	244	289	352	-	-
Investment in subsidiary companies	-	-	-	5,640	5,640
Investment in unquoted shares	250	64	273	250	64
Investment in associates and joint venture	225	461	-	537	537
Long term deposits	2,422	2,434	2,024	-	-
	<u>32,380</u>	<u>34,808</u>	<u>30,220</u>	<u>6,427</u>	<u>6,241</u>
Current Assets					
Inventories	969	1,192	705	-	-
Trade and other receivables	251	277	253	-	-
Deposits	906	1,015	1,040	-	-
Prepayments	949	1,192	2,939	38	24
Amount due from joint venture	381	-	-	173	-
Amount due from associated companies	106	-	-	-	-
Amount due from subsidiary companies	-	-	-	7,535	8,109
Cash and bank balances	13,895	12,787	15,555	2,240	3,324
	<u>17,457</u>	<u>16,463</u>	<u>20,492</u>	<u>9,986</u>	<u>11,457</u>
Current Liabilities					
Trade and other payables	6,743	7,891	8,252	1,568	1,683
Other liabilities	179	170	170	-	-
Provisions	2,366	2,398	2,285	35	41
Bank loans	1,430	1,430	4,230	-	-
Finance lease liabilities	146	166	117	-	-
Provision for taxation	1,141	697	1,129	19	27
	<u>12,005</u>	<u>12,752</u>	<u>16,183</u>	<u>1,622</u>	<u>1,751</u>
Net Current Assets	5,452	3,711	4,309	8,364	9,706
Non-Current Liabilities					
Bank loans	8,106	9,179	6,032	-	-
Finance lease liabilities	540	506	160	-	-
Deferred tax liabilities	1,246	1,336	963	-	-
	<u>9,892</u>	<u>11,021</u>	<u>7,155</u>	<u>-</u>	<u>-</u>
Net Assets	<u><u>27,940</u></u>	<u><u>27,498</u></u>	<u><u>27,374</u></u>	<u><u>14,791</u></u>	<u><u>15,947</u></u>
Equity attributable to owners of the Company					
Share capital	13,964	13,964	13,964	13,964	13,964
Retained earnings	13,875	13,515	13,372	827	1,983
Other reserves	101	19	38	-	-
Total Equity	<u><u>27,940</u></u>	<u><u>27,498</u></u>	<u><u>27,374</u></u>	<u><u>14,791</u></u>	<u><u>15,947</u></u>

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

Amount repayable in one year or less, or on demand

As at 31-12-2018		As at 31-03-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,576	-	1,596	-

Amount repayable after one year

As at 31-12-2018		As at 31-03-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,646	-	9,685	-

Details of any collateral

The Group's borrowings are secured as follows:

1. Bank loans are secured by:

- (i) a first legal mortgage on freehold and leasehold properties owned by the Group's wholly owned subsidiary companies as at 31 December 2018; and
- (ii) corporate guarantee granted by the Company as at 31 December 2018.

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

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

	The Group		The Group	
	3Q2019	3Q2018	9M2019	9M2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	1,792	1,372	4,701	3,244
Adjustments for:				
Impairment loss on trade receivables	59	-	59	-
Amortisation of intangible assets	16	16	47	47
Depreciation of property, plant and equipment	1,312	1,197	3,975	3,445
Gain on disposal of property, plant and equipment	-	(63)	(83)	(36)
Property, plant and equipment written off	11	235	123	341
Share of results of joint ventures	38	19	236	72
Interest expense	84	74	244	212
Interest income	(17)	(10)	(44)	(39)
Currency realignment	31	(56)	151	(115)
Operating profit before changes in working capital	3,326	2,784	9,409	7,171
(Increase)/decrease in inventories	(81)	4	223	(327)
Increase in trade and other receivables	(71)	(65)	(33)	(80)
Increase in amount due from associates	(17)	(20)	(106)	(104)
Increase in amount due from joint venture	(103)	-	(208)	-
Decrease/(increase) in deposits	80	(29)	121	(359)
(Increase)/decrease in prepayments	(90)	520	243	669
(Decrease)/increase in trade and other payables	(972)	(533)	(1,148)	186
Increase/(decrease) in other liabilities	7	(1)	9	6
Decrease in provisions	(158)	(80)	(90)	(170)
Cash flows from operations	1,921	2,580	8,420	6,992
Tax paid	(184)	(461)	(532)	(1,020)
Net cash flows from operating activities	1,737	2,119	7,888	5,972
Cash flows from investing activities				
Purchase of property, plant and equipment	(245)	(1,898)	(1,695)	(6,732)
Proceeds from disposal of property, plant and equipment	-	111	159	128
Capital injection into joint ventures	-	-	-	(537)
Interest received	17	10	44	39
Net cash flows used in investing activities	(228)	(1,777)	(1,492)	(7,102)
Cash flows from financing activities				
Dividends paid	(1,820)	(1,820)	(3,641)	(3,641)
Loan to joint venture	6	-	(173)	-
Proceeds from bank loan	-	-	-	1,575
Repayment of finance lease liabilities	(39)	(67)	(157)	(129)
Interest paid	(84)	(74)	(244)	(212)
Repayment of bank loans	(358)	(358)	(1,073)	(871)
Net cash flows used in financing activities	(2,295)	(2,319)	(5,288)	(3,278)
Net (decrease)/increase in cash and cash equivalents	(786)	(1,977)	1,108	(4,408)
Cash and cash equivalents at the beginning of the financial period	14,681	13,124	12,787	15,555
Cash and cash equivalents at the end of the financial period	13,895	11,147	13,895	11,147

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

Equity attributable to owners of the Company

	Share capital	Retained earnings	Other reserves	Foreign currency translation reserve	Asset revaluation reserve	Total equity
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 31-03-2018, as previously reported	13,964	12,533	1,905	19	1,886	28,402
Adoption of SFRS(I) 1	-	982	(1,886)	-	(1,886)	(904)
Balance at 31-03-2018, as restated	13,964	13,515	19	19	-	27,498
Adoption of SFRS(I) 9	-	186	-	-	-	186
Balance at 01-04-2018, as restated	13,964	13,701	19	19	-	27,684
Profit for the period	-	2,271	-	-	-	2,271
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	54	54	-	54
Total comprehensive income for the period	-	2,271	54	54	-	2,325
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
Balance at 30 September 2018	13,964	14,151	73	73	-	28,188
Profit for the period	-	1,544	-	-	-	1,544
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	28	28	-	28
Total comprehensive income for the period	-	1,544	28	28	-	1,572
Dividends on ordinary shares	-	(1,820)	-	-	-	(1,820)
Balance at 31 December 2018	13,964	13,875	101	101	-	27,940

Equity attributable to owners of the Company

	Share capital	Retained earnings	Other reserves	Foreign currency translation reserve	Asset revaluation reserve	Total equity
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01-04-2017, as previously reported	13,964	12,139	1,271	38	1,233	27,374
Adoption of SFRS(I) 1	-	1,233	(1,233)	-	(1,233)	-
Balance at 01-04-2017, as restated	13,964	13,372	38	38	-	27,374
Profit for the period	-	1,419	-	-	-	1,419
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	(14)	(14)	-	(14)
Total comprehensive income for the period	-	1,419	(14)	(14)	-	1,405
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
Balance at 30 September 2017	13,964	12,970	24	24	-	26,958
Profit for the period	-	1,239	-	-	-	1,239
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	-	-	(6)	(6)	-	(6)
Total comprehensive income for the period	-	1,239	(6)	(6)	-	1,233
Dividends on ordinary shares	-	(1,820)	-	-	-	(1,820)
Balance at 31 December 2017	13,964	12,389	18	18	-	26,371

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

	Share capital	Retained earnings	Total equity
The Company	S\$'000	S\$'000	S\$'000
Balance at 01-04-2018, as previously reported	13,964	1,983	15,947
Adoption of SFRS(I) 9	-	186	186
Balance at 01-04-2018, as restated	13,964	2,169	16,133
Profit for the period	-	2,255	2,255
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,255	2,255
Dividends on ordinary shares		(1,821)	(1,821)
Balance at 30 September 2018	13,964	2,603	16,567
Loss for the period	-	45	45
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	45	45
Dividends on ordinary shares	-	(1,821)	(1,821)
Balance at 31 December 2018	13,964	827	14,791

	Share capital	Retained earnings	Total equity
The Company	S\$'000	S\$'000	S\$'000
Balance at 01-04-2017, as previously reported	13,964	3,368	17,332
Profit for the period	-	120	120
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	120	120
Dividends on ordinary shares	-	(1,821)	(1,821)
Balance at 30 September 2017	13,964	1,667	15,631
Profit for the period	-	2,381	2,381
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,381	2,381
Dividends on ordinary shares	-	(1,820)	(1,820)
Balance at 31 December 2017	13,964	2,228	16,192

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

Ordinary shares

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

There were no treasury shares, subsidiary holdings, outstanding options and/or other convertibles as at 31 December 2018 and 31 December 2017.

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

	As at 31-12-2018	As at 31-03-2018
Total number of issued shares	121,374,700	121,374,700

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

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

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

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

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

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

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

Not applicable.

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

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

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (“**SFRS(I)**”), on 1 April 2018 and has prepared its financial information under SFRS(I) for the third quarter ended 31 December 2018.

Other than the adoption of SFRS(I) 1 and SFRS(I) 9 which are effective for its financial year beginning 1 April 2018, the Group expects that the adoption of the new financial reporting framework and the adoption of SFRS(I) 15 will have no material impact to the Group's and the Company's financial statements in the year of initial application.

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

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

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

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

SFRS(I) 9 – Financial Instruments

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

Summary of Impact

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

Group (\$'000)	Adjustments arising from:		
	9M 2018	SFRS(I) 1	9M 2018 (Restated)
Equity			
Retained Earnings	11,156	1,233	12,389
Other Reserves			
-Asset Revaluation Reserves	1,233	(1,233)	-
-Foreign Currency Translation Reserves	18	-	18

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

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

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

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

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

EPS after deducting any provision for preference dividends :-	The Group		The Group	
	3Q2019	3Q2018	9M2019	9M2018
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.27	1.02	3.14	2.19
(b) On a fully diluted basis (Singapore cents)	1.27	1.02	3.14	2.19

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	3Q2019	3Q2018	9M2019	9M2018
(a) Based on weighted average number of ordinary shares in issue ; and	121,374,700	121,374,700	121,374,700	121,374,700
(b) On a fully diluted basis	121,374,700	121,374,700	121,374,700	121,374,700

The basic and diluted EPS for the 3 months and 9 months financial periods ended 31 December 2018 and 31 December 2017 are the same as there are no potentially dilutive shares in issue as at 31 December 2018 and 31 December 2017.

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

	The Group		The Company	
	31-12-2018	31-03-2018	31-12-2018	31-03-2018
	(Restated)			
Net asset value per ordinary share based on total number of issued shares as at the end of the financial period reported on	\$0.23	\$0.23	\$0.12	\$0.13
Total number of issued shares as at the end of the financial period reported on	121,374,700	121,374,700	121,374,700	121,374,700

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

Revenue

The Group's revenue increased from approximately S\$22.2 million for the financial period from 1 October 2017 to 31 December 2017 ("**3Q2018**") to approximately S\$23.1 million for the period from 1 October 2018 to 31 December 2018 ("**3Q2019**"), an increase of approximately S\$850,000 or 3.8%.

Revenue from retail outlets increased by approximately S\$613,000 or 2.8% mainly due to revenue contribution from new outlets and an increase in revenue from existing outlets, partially offset by absence of revenue from closed outlets and outlets temporarily closed for renovations.

Revenue from other services, such as export sales, events, delivery and catering services, increased by approximately S\$237,000 or 66.2% from S\$358,000 to S\$595,000, mainly due to export sales of approximately S\$102,000 to the Group's joint venture in the United Kingdom and higher events and delivery sales.

As at 31 December 2018, the Group operated a total of 88 outlets in Singapore as compared to 92 outlets as at 31 December 2017.

Cost of sales and gross profit

Cost of sales decreased by approximately S\$533,000 or 6.1% mainly due to improved food cost management, partially offset by an increase in manpower cost for 3Q2019.

The Group's gross profit increased by approximately S\$1.4 million or 10.3%. The Group's gross profit margin increased from approximately 60.4% in 3Q2018 to 64.1% in 3Q2019, mainly due to improved manpower efficiencies and food cost management in 3Q2019.

Operating Expenses

Selling and distribution expenses

Selling and distribution (“S & D”) expenses increased by approximately S\$459,000 or 5.2% in 3Q2019. S & D expenses in 3Q2019 amounted to approximately 40.4% of revenue as compared to approximately 39.9% of revenue in 3Q2018.

The increase in S & D expenses as a percentage of revenue was largely attributable to:

- (i) an increase in outlets utility expenses of S\$96,000 mainly due to the higher tariff rates during the period;
- (ii) an increase in staff costs of approximately S\$279,000 mainly due to the revision in staff salary; and
- (iii) an increase in outlet rental expenses of approximately S\$170,000 mainly arising from an increase in rental rates for existing outlets; partially offset by
- (iv) lower advertising expenses of approximately S\$70,000 for 3Q2019.

Administrative expenses

Administrative expenses increased by approximately S\$454,000 or 15.9% in 3Q2019. The increase in administrative expenses was mainly due to an increase in head office staff costs, including recruitment expenses, of approximately S\$336,000, and an increase in professional expenses of approximately S\$76,000 mainly due to consultancy fees incurred during the period.

Other expenses

The increase in other expenses of approximately S\$25,000 or 5.8% in 3Q2019 was mainly due to the following:

- (i) an increase in depreciation expenses of approximately S\$74,000 arising from depreciation of the new head office at 2 Woodlands Terrace;
- (ii) an increase in foreign exchange loss of S\$88,000 in 3Q2019 pursuant to foreign exchange revaluation loss for Malaysian Ringgit-denominated loans to our Malaysian operations;
- (iii) impairment loss on trade receivables of approximately S\$59,000; partially offset by
- (iv) lower fixed assets written off for outlets closure of approximately S\$196,000.

As a result of the above, the proportion of total operating expenses compared to revenue increased from 54.7% in 3Q2018 to 56.7% in 3Q2019.

Depreciation and amortisation

The increase in depreciation and amortisation expenses of approximately S\$115,000 in 3Q2019 was mainly due to additions of plant and equipment and renovation costs for the completion of the Group’s new factory facility in Singapore and new retail outlets.

Share of results of joint venture

The increase was due to initial operating losses of approximately S\$38,000 for the joint venture in the United Kingdom in 3Q2019, compared to approximately S\$19,000 in 3Q2018.

Profit before tax

The Group’s profit before tax increased from approximately S\$1.4 million in 3Q2018 to approximately S\$1.8 million in 3Q2019, an increase of approximately S\$420,000 or 30.6%, due to the reasons stated above.

Taxation

The Group's taxation expenses increased by S\$115,000 or 86.5% mainly due to an increase in profit for the current financial period, and higher non tax deductible items for the period under review, partially offset by write-back of prior years' tax balances during the period.

Balance Sheet

Non-current assets

The Group's non-current assets decreased by approximately S\$2.4 million or 7.0% mainly due to the following:

- (a) depreciation expenses and fixed assets written off of approximately S\$4.1 million partially offset by purchase of motor vehicles, plant and equipment and renovation costs of approximately S\$1.7 million for the Group's new factory facility and outlets in Singapore during the financial period from 1 April 2018 to 31 December 2018 ("**9M2019**");
- (b) a decrease in investment in joint venture from the share of start-up costs and initial operating losses for the joint venture in the United Kingdom of approximately S\$236,000 for 9M2019; and
- (c) a decrease in long term deposits mainly due to reclassification of long term lease deposits to short term lease deposits, in accordance with the respective lease tenures offset by top up of lease deposit for lease renewals.

The decrease in non-current assets was partially offset by an increase in investment in unquoted shares of approximately S\$186,000 due to fair value adjustment upon the adoption of SFRS(I) 9 – Financial Instruments as explained in paragraph 5.

Current assets

The Group's current assets increased by approximately S\$994,000 or 6.0% mainly due to:

- (a) an increase in cash and bank balances of approximately S\$1.1 million as explained under the statement of cash flow in paragraph 1(c);
- (b) an increase in amount due from joint venture mainly due to a working capital loan and product sales to the United Kingdom joint venture of approximately S\$381,000; and
- (c) an increase in amount due from associates mainly due to product sales to a Malaysian associated company of approximately S\$106,000.

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

Current liabilities

The Group's current liabilities decreased by approximately S\$747,000 or 5.9% mainly due to the following:

- (a) a decrease in trade and other payables of approximately S\$1.1 million mainly due to lower purchases made during the period and final settlement to contractors for new factory renovation in 9M2019; and
- (b) a decrease in provision mainly due to decrease in unconsumed leave and provision for reinstatement cost of approximately S\$14,000 and S\$18,000 respectively.

The decrease in current liabilities was offset by an increase in provision for taxation mainly due to tax expenses of approximately S\$1.1 million, partially offset by write-back of prior years' tax balance of approximately S\$165,000 and tax paid of approximately S\$532,000 during the financial period.

Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$1.1 million or 10.2% mainly due to repayment of bank loans and decrease in deferred tax liabilities during 9M2019, partially offset by an increase in finance leases mainly for the purchase of new motor vehicles.

Net working capital

As at 31 December 2018, the Group had a positive net working capital of approximately S\$5.4 million as compared to approximately S\$3.7 million as at 31 March 2018.

Cash flow

In 3Q2019, the Group generated an operating profit before working capital changes of approximately S\$3.3 million. Net cash generated from operating activities, inclusive of working capital changes and tax paid, amounted to approximately S\$1.7 million in 3Q2019.

In 3Q2019, net cash used in investing activities amounted to approximately S\$228,000. This was mainly attributable to additions of plant and equipment and renovation costs for the Group's new retail outlets and factory facility in Singapore.

Net cash used in financing activities amounted to approximately S\$2.3 million in 3Q2019. This was mainly due to interim dividends paid on 17 December 2018, and repayments of bank loan and finance lease liabilities, including interest paid during the period.

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

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

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

The Group is pleased that its efforts to improve its productivity are bearing fruit. These initiatives include further expanding its product range including seasonal product launches, improving cost management of key ingredients, and increasing the production efficiency of its factories. The Group will continue with its efforts to drive operational efficiencies, and to enhance its brand positioning.

The Group's first flagship outlet in Covent Garden - London, United Kingdom ("UK") has generated many positive reviews, but challenges such as high manpower costs remain. The Group will continue to fine-tune its product offerings to adapt to the UK market, and to manage its manpower and food costs more effectively, as it becomes more familiar with the UK retail market.

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

11 Dividend.

If a decision regarding dividend has been made:-

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

Nil

(b) Previous corresponding period (cents)

None

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommendeded for the current financial period reported on, as it is the Company's usual practice to declare dividends (if any) for the half year and/or full year financial periods only.

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

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

There were no IPT of S\$100,000 and above for 3Q2019.

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

We, Han Keen Juan and Lim Tao-E William, being two of the Directors of Old Chang Kee Ltd., hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the third quarter and nine months ended 31 December 2018 to be false or misleading in any material aspects.

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

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

On behalf of the Board:

Han Keen Juan
Director

Lim Tao-E William
Director

BY ORDER OF THE BOARD

Adrian Chan Pengee
Company Secretary

14 February 2019

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

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

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