

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

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 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		
	4Q2018	4Q2017	+ / (-)	FY2018	FY2017	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	21,255	19,234	10.5	85,487	78,345	9.1
Cost of sales	(7,852)	(7,098)	10.6	(33,249)	(28,721)	15.8
<b>Gross profit</b>	13,403	12,136	10.4	52,238	49,624	5.3
<b>Other items of income</b>						
Interest income on short term deposits	10	12	(16.7)	49	81	(39.5)
Other income	1,373	510	169.2	1,931	1,351	42.9
<b>Other items of expenses</b>						
Selling and distribution expenses	(9,130)	(8,452)	8.0	(35,291)	(32,333)	9.1
Administrative expenses	(3,013)	(3,070)	(1.9)	(11,782)	(11,614)	1.4
Finance costs	(79)	(47)	68.1	(291)	(175)	66.3
Other expenses	(817)	(3,455)	(76.4)	(1,791)	(4,504)	(60.2)
<b>Profit / (loss) before tax and share of results of joint venture</b>	1,747	(2,366)	(173.8)	5,063	2,430	108.4
Share of results of joint venture	(4)	-	NM	(76)	-	NM
<b>Profit / (loss) before tax for the period / year</b>	1,743	(2,366)	(173.7)	4,987	2,430	105.2
Income tax (expense) / credit	(366)	262	(239.7)	(952)	(685)	39.0
<b>Profit / (loss) for the period / year</b>	1,377	(2,104)	(165.4)	4,035	1,745	131.2
<b>Other comprehensive income</b>						
Net gain/(deficit) on revaluation of freehold land and buildings	775	(2,053)	(137.7)	775	(2,053)	(137.7)
Deferred tax on revaluation of freehold land and buildings	(122)	335	(136.4)	(122)	335	(136.4)
Exchange differences on translating foreign operations	1	5	(80.0)	(19)	15	(226.7)
<b>Other comprehensive income / (loss) for the period / year, net of tax</b>	654	(1,713)	(138.2)	634	(1,703)	(137.2)
<b>Total comprehensive income / (loss) for the period / year, attributable to owners of the Company</b>	2,031	(3,817)	(153.2)	4,669	42	NM

**NM: Not meaningful**

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		
	4Q2018	4Q2017	+/( -)	FY2018	FY2017	+/( -)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Allowance for doubtful debts						
-allowances for amount due from associate	141	115	22.6	141	115	22.6
-allowances for amount due from other receivables	23	-	NM	23	-	NM
Impairment for investment in unquoted shares	209	-	NM	209	-	NM
(Gain) /deficit on revaluation on property, plant and equipment	(251)	2,997	(108.4)	(251)	2,997	(108.4)
Amortisation of intangible assets	16	16	-	63	59	6.8
Depreciation of property, plant and equipment	1,586	1,166	36.0	5,031	4,502	11.8
Property, plant and equipment written off	4	4	-	345	72	379.2
Gain on disposal of property, plant and equipment	(143)	-	NM	(179)	(19)	111.1
Interest income from short-term deposits	(10)	(12)	(16.7)	(49)	(81)	(39.5)
Interest expenses	79	47	68.1	291	175	66.3
(Gain)/ loss in foreign exchange, net	(109)	111	(198.2)	(218)	384	(156.8)

2. The major components of taxation comprise:

	The Group			The Group		
	4Q2018	4Q2017	+/( -)	FY2018	FY2017	+/( -)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Current income tax</b>						
-Current income taxation	299	11	NM	697	1,121	(37.8)
-Over provision in respect of prior year	(10)	(26)	(61.5)	(118)	(72)	63.9
<b>Deferred income tax</b>						
-Movement in temporary differences	77	(247)	(131.2)	373	(364)	(202.5)
Taxation recognised in the consolidated statement of comprehensive income	366	(262)	(239.7)	952	685	39.0

**NM: Not meaningful**

1(b)(i)

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

	The Group		The Company	
	As at		As at	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	32,586	27,571	-	-
Intangible assets	289	352	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	64	273	64	273
Investment in joint venture	461	-	537	-
Long term deposits	2,434	2,024	-	-
	<u>35,834</u>	<u>30,220</u>	<u>6,241</u>	<u>5,913</u>
<b>Current Assets</b>				
Inventories	1,192	705	-	-
Trade and other receivables	277	253	-	-
Deposits	1,015	1,040	-	-
Prepayments	1,192	2,939	24	24
Amount due from associated companies	-	-	-	-
Amount due from subsidiary companies	-	-	8,109	7,720
Cash and bank balances	12,787	15,555	3,324	5,557
	<u>16,463</u>	<u>20,492</u>	<u>11,457</u>	<u>13,301</u>
<b>Current Liabilities</b>				
Trade and other payables	7,891	8,252	1,683	1,834
Other liabilities	170	170	-	-
Provisions	2,398	2,285	41	32
Bank loans	1,430	4,230	-	-
Finance lease liabilities	166	117	-	-
Provision for taxation	697	1,129	27	16
	<u>12,752</u>	<u>16,183</u>	<u>1,751</u>	<u>1,882</u>
<b>Net Current Assets</b>	3,711	4,309	9,706	11,419
<b>Non-Current Liabilities</b>				
Bank loans	9,179	6,032	-	-
Finance lease liabilities	506	160	-	-
Deferred tax liabilities	1,458	963	-	-
	<u>11,143</u>	<u>7,155</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u>28,402</u>	<u>27,374</u>	<u>15,947</u>	<u>17,332</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	12,533	12,139	1,983	3,368
Other reserves	1,905	1,271	-	-
<b>Total Equity</b>	<u>28,402</u>	<u>27,374</u>	<u>15,947</u>	<u>17,332</u>

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

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

<b>As at 31-03-2018</b>		<b>As at 31-03-2017</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
1,596	-	4,347	-

**Amount repayable after one year**

<b>As at 31-03-2018</b>		<b>As at 31-03-2017</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
9,685	-	6,192	-

**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 March 2018; and
- (ii) corporate guarantees by the Company as at 31 March 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	
	4Q2018	4Q2017	FY2018	FY2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit / (loss) before tax	1,743	(2,366)	4,987	2,430
<b>Adjustments for:</b>				
Allowances for amount due from associate	141	115	141	115
Allowances for doubtful debts	23	-	23	-
Impairment for investment in unquoted shares	209	-	209	-
Amortisation of intangible assets	16	16	63	59
Depreciation of property, plant and equipment	1,586	1,166	5,031	4,502
(Gain) / deficit on revaluation on property, plant and equipment	(251)	2,997	(251)	2,997
Gain on disposal of property, plant and equipment	(143)	-	(179)	(19)
Property, plant and equipment written off	4	4	345	72
Interest expense	79	47	291	175
Interest income	(10)	(12)	(49)	(81)
Share of results of joint ventures	4	-	76	-
Currency realignment	(80)	51	(195)	264
<b>Operating profit before changes in working capital</b>	<b>3,321</b>	<b>2,018</b>	<b>10,492</b>	<b>10,514</b>
(Increase)/decrease in inventories	(160)	112	(487)	11
Decrease/(increase) in trade and other receivables	33	(1)	(47)	(97)
Increase in amount due from an associated company	(37)	(14)	(141)	(115)
Increase in deposits	(26)	(75)	(385)	(160)
Decrease /(increase) in prepayments	1,078	(566)	1,747	(1,236)
(Decrease)/increase in trade and other payables	(547)	(258)	(361)	1,123
(Decrease)/increase in other liabilities	(6)	(1)	-	8
Increase/(decrease) in provisions	12	(8)	(158)	(8)
<b>Cash flows from operations</b>	<b>3,668</b>	<b>1,207</b>	<b>10,660</b>	<b>10,040</b>
Tax refund/ (paid)	9	(15)	(1,011)	(466)
<b>Net cash flows from operating activities</b>	<b>3,677</b>	<b>1,192</b>	<b>9,649</b>	<b>9,574</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,792)	(1,586)	(8,524)	(8,272)
Purchase of intangible assets	-	-	-	(26)
Proceeds from disposal of property, plant and equipment	303	-	431	19
Capital injection into joint venture	-	-	(537)	-
Interest income received	10	12	49	81
<b>Net cash flows used in investing activities</b>	<b>(1,479)</b>	<b>(1,574)</b>	<b>(8,581)</b>	<b>(8,198)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	4,861	3,286	6,436	3,286
Repayment of finance lease liabilities	(122)	(27)	(251)	(112)
Dividends paid	-	-	(3,641)	(7,283)
Interest paid	(79)	(47)	(291)	(175)
Repayment of bank loans	(5,218)	(236)	(6,089)	(944)
<b>Net cash flows (used in) / from financing activities</b>	<b>(558)</b>	<b>2,976</b>	<b>(3,836)</b>	<b>(5,228)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,640</b>	<b>2,594</b>	<b>(2,768)</b>	<b>(3,852)</b>
Cash and cash equivalents at the beginning of the financial period / year	11,147	12,961	15,555	19,407
<b>Cash and cash equivalents at the end of the financial period / year</b>	<b>12,787</b>	<b>15,555</b>	<b>12,787</b>	<b>15,555</b>

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

	Equity attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Foreign currency translation \$'000	Asset revaluation reserve \$'000	
<b>The Group</b>						
<b>Balance at 1 April 2017</b>	13,964	12,139	1,271	38	1,233	27,374
Profit for the period	-	2,658	-	-	-	2,658
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	(20)	(20)	-	(20)
<b>Total comprehensive income for the period</b>	-	2,658	(20)	(20)	-	2,638
Dividends on ordinary shares	-	(3,641)	-	-	-	(3,641)
<b>Balance at 31 December 2017</b>	<b>13,964</b>	<b>11,156</b>	<b>1,251</b>	<b>18</b>	<b>1,233</b>	<b>26,371</b>
Profit for the period	-	1,377	-	-	-	1,377
<b>Other comprehensive income</b>						
Deferred tax on revaluation of freehold land and buildings	-	-	(122)	-	(122)	(122)
Net gain on revaluation of freehold land and buildings	-	-	775	-	775	775
Exchange differences on translating foreign operations	-	-	1	1	-	1
<b>Total comprehensive income for the period</b>	-	1,377	654	1	653	2,031
Dividends on ordinary shares	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>13,964</b>	<b>12,533</b>	<b>1,905</b>	<b>19</b>	<b>1,886</b>	<b>28,402</b>

**Equity attributable to owners of the Company**

The Group	Share capital	Retained earnings	Other reserves	Foreign currency translation	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2016</b>	13,964	17,677	2,974	23	2,951	34,615
Profit for the period	-	3,849	-	-	-	3,849
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	10	10	-	10
<b>Total comprehensive income for the period</b>	-	3,849	10	10	-	3,859
Dividends on ordinary shares	-	(7,283)	-	-	-	(7,283)
<b>Balance at 31 December 2016</b>	<b>13,964</b>	<b>14,243</b>	<b>2,984</b>	<b>33</b>	<b>2,951</b>	<b>31,191</b>
Loss for the period	-	(2,104)	-	-	-	(2,104)
<b>Other comprehensive income</b>						
Deferred tax on revaluation of freehold land and buildings	-	-	335	-	335	335
Net deficit on revaluation of freehold land and buildings	-	-	(2,053)	-	(2,053)	(2,053)
Exchange differences on translating foreign operations	-	-	5	5	-	5
<b>Total comprehensive income for the period</b>	-	(2,104)	(1,713)	5	(1,718)	(3,817)
Dividends on ordinary shares	-	-	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>13,964</b>	<b>12,139</b>	<b>1,271</b>	<b>38</b>	<b>1,233</b>	<b>27,374</b>

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

The Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at 1 April 2017</b>	13,964	3,368	17,332
Profit for the period	-	2,501	2,501
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,501	2,501
Dividends on ordinary shares	-	(3,641)	(3,641)
<b>Balance at 31 December 2017</b>	<b>13,964</b>	<b>2,228</b>	<b>16,192</b>
Loss for the period	-	(245)	(245)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(245)	(245)
<b>Balance at 31 March 2018</b>	<b>13,964</b>	<b>1,983</b>	<b>15,947</b>

The Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at 1 April 2016</b>	13,964	6,529	20,493
Profit for the period	-	2,201	2,201
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,201	2,201
Dividends on ordinary shares	-	(7,283)	(7,283)
<b>Balance at 31 December 2016</b>	<b>13,964</b>	<b>1,447</b>	<b>15,411</b>
Profit for the period	-	1,921	1,921
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	1,921	1,921
<b>Balance at 31 March 2017</b>	<b>13,964</b>	<b>3,368</b>	<b>17,332</b>



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

Ordinary shares

	Number of shares	S\$'000
Issued and fully paid ordinary shares as at 31 March 2018 and 31 December 2017	121,374,700	13,964

There were no treasury shares, outstanding options, other convertibles and/or subsidiary holdings as at 31 March 2018 and 31 March 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 31-03-2018	As at 31-03-2017
Total number of issued shares excluding treasury 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 year 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 year 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.**

Save as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those used in the most recently audited financial statements for the financial year ended 31 March 2017.

**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 adopted the new and revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that are relevant to its operations, which took effect from financial periods beginning on or after 1 April 2017. Changes to the Group’s accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new and revised FRS and INT FRS did not result in any substantial changes to the Group’s and the Company’s accounting policies and has no material impact on the financial statements for the current financial year reported on.

**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/loss per ordinary share (“EPS” or “LPS”) is computed by dividing the earnings/loss attributable to owners of the Company in each financial period/year by the weighted average number of ordinary shares in issue during the respective financial period/year.

EPS/LPS after deducting any provision for preference dividends :-	The Group		The Group	
	4Q2018	4Q2017	FY2018	FY2017
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.13	(1.73)	3.32	1.44
(b) On a fully diluted basis (Singapore cents)	1.13	(1.73)	3.32	1.44

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	4Q2018	4Q2017	FY2018	FY2017
(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 financial period/year ended 31 March 2018 and 31 March 2017 were the same as there were no potentially dilutive securities in issue as at 31 March 2018 and 31 March 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	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Net asset value per ordinary share based on total number of issued shares as at the end of the financial period reported on	S\$0.23	S\$0.23	S\$0.13	S\$0.14
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

**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 S\$78.3 million for the financial year from 1 April 2016 to 31 March 2017 ("FY2017") to S\$85.5 million for the financial year from 1 April 2017 to 31 March 2018 ("FY2018"), an increase of S\$7.1 million or 9.1%.

Revenue from retail outlets increased by approximately S\$7.1 million mainly due to revenue contribution from new outlets and increase in revenue from existing outlets, partially offset by the absence of revenue from closed outlets.

Revenue from other services, such as delivery and catering services, increased by approximately S\$65,000 or 5.3% from S\$1.2 million to S\$1.3 million, mainly due to higher events and catering sales.

As at 31 March 2018, the Group operated a total of 90 outlets in Singapore as compared to 89 outlets as at 31 March 2017.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 30.1% of the Group's revenue in FY2018, as compared to approximately 31.8% in FY2017.

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

Cost of sales increased by 15.8% in line with the higher revenue generated by the Group.

Consequently, the Group's gross profit increased by S\$2.6 million or 5.3%. The Group's gross profit margin decreased from approximately 63.3% in FY2017 to 61.1% in FY2018, mainly due to higher food cost during the financial year.

### **Other income**

Other income increased by approximately S\$580,000 mainly attributed to the following:-

- (i) revaluation gain of approximately S\$251,000 from the Group's Singapore and Malaysia factory facilities, due to the reversal of the prior year's revaluation deficit;
- (ii) an increase in government grant income of approximately S\$300,000 to support the Group's productivity initiatives;
- (iii) an increase in gain on disposal of motor vehicles amounting to approximately S\$160,000; and
- (iv) an increase in income from wage credit schemes of approximately S\$78,000.

The increase in other income was partially offset by lower special employment credit and temporary employment credit scheme income of approximately S\$233,000.

### **Operating Expenses**

#### Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by 9.1% in line with the increase in revenue. S & D expenses as a percentage of revenue for both FY2018 and FY2017 remained relatively constant at 41.3% of revenue.

#### Administrative expenses

Administrative expenses increased by approximately S\$168,000 or 1.4%. The increase in administrative expenses was mainly due to:

- (a) an increase in general repair and maintenance expenses of approximately S\$112,000; and
- (b) an increase in medical and insurance expenses of approximately S\$135,000; offset by
- (c) a decrease in bank charges, legal and professional expenses of approximately S\$89,000.

### Other expenses

The decrease in other expenses of approximately S\$2.7 million in FY2018 was mainly due to impairment for unquoted shares of approximately S\$209,000 and the absence of revaluation deficit in the current financial year for the Group's Singapore and Malaysia factory facilities as compared to S\$3.0 million in the prior financial year.

As a result of the above, while total operating expenses increased by 0.9%, the proportion of total operating expenses compared to revenue decreased from 61.8% in FY2017 to 57.2% in FY2018.

### **Depreciation and amortisation**

The increase in depreciation and amortisation expenses of approximately S\$533,000 in FY2018 was mainly due to additions of plant and equipment and renovation costs for the Group's new retail outlets, as well as the completion of the Group's new factory facility in Singapore.

### **Finance costs**

Finance costs increased by approximately S\$116,000 mainly due to loan taken, including loans drawn down in the first quarter of the financial year ended 31 March 2018, to finance the construction and renovation of factory facilities.

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

The amount was due to start-up costs of approximately S\$76,000 in FY2018 for a new joint venture in the United Kingdom.

### **Profit before tax**

The Group's profit before tax increased from approximately S\$2.4 million in FY2017 to approximately S\$5.0 million in FY2018, an increase of approximately S\$2.6 million. Excluding revaluation gain on the Group's factory facilities of approximately S\$251,000 in FY2018 and revaluation loss of approximately S\$3.0 million recognised in FY2017, the Group's profit before tax decreased by approximately S\$691,000 or 12.7%.

### **Taxation**

The Group's taxation expenses increased by S\$267,000 or 39.0% mainly due to lower non tax-deductible expenses for the current financial year.

### **Other comprehensive income**

The increase in other comprehensive income by S\$2.3 million was mainly due to net revaluation gain of approximately S\$775,000 on revaluation of the Group's Singapore and Malaysia factory facilities in FY2018, as compared to net revaluation loss of approximately S\$2.1 million in FY2017.

### **Balance Sheet**

#### Non-current assets

The Group's non-current assets increased by approximately S\$5.6 million or 18.6% mainly due to:

- (a) net revaluation gain for the Group's freehold land and buildings of approximately S\$1.0 million;
- (b) the purchase of fixed assets mainly for additions of plant and equipment and renovation costs for the Group's new rental outlets and factory facility in Singapore of S\$8.5 million, partially offset by depreciation expenses and assets written off for FY2018;
- (c) an investment in a United Kingdom joint venture of approximately S\$537,000, partially offset by the Group's share of start-up costs for the joint venture of approximately S\$76,000 for FY2018; and
- (d) an increase in long term deposits mainly due to additional lease deposits paid to secure new outlets, and reclassification of short term lease deposits to long term upon lease renewals, in accordance with the respective lease tenures.

The increase in non-current assets was partially offset by a decrease in investment in unquoted shares of approximately S\$209,000 mainly due to provision of impairment in FY2018.

### Current assets

The Group's current assets decreased by S\$4.0 million or 19.7% mainly due to:

- (a) a decrease in prepayments mainly due to reclassification of equipment to property, plant and equipment upon full payment and receipt of the equipment; and
- (b) a decrease of S\$2.8 million in cash and bank balances mainly due to purchase of property, plant and equipment, repayment of bank loans and finance leases, investment in a United Kingdom joint venture of approximately S\$537,000 and dividends of approximately S\$3.6 million paid during FY2018, partially offset by cash generated from operations and proceeds from bank loans.

The decrease in current assets was partially offset by an increase in inventories largely attributable to higher purchases of finished goods.

### Current liabilities

The Group's current liabilities decreased by S\$3.4 million or 21.2% mainly due to the following:

- (a) a decrease in trade and other payables mainly due to a decrease in period-end billings by trade suppliers and contractors;
- (b) a decrease in the current portion of bank loans amounting to S\$2.8 million mainly due to reclassification of bank loans from short term to long term in accordance with the loan repayment periods; and
- (c) a decrease in provision for taxation of approximately S\$432,000 mainly due to tax paid of approximately S\$1.0 million offset by tax expenses provided for the current financial year.

The decrease in current liabilities was offset by an increase in finance lease taken for the purchase of new motor vehicles and an increase in provision for reinstatement cost for new outlets.

### Non-current liabilities

The Group's non-current liabilities increased by approximately S\$4.0 million or 55.7% mainly due to the following:

- (a) an increase in the non-current portion of bank loans largely attributable to loans secured from construction and renovation of the Singapore factory and reclassification of bank loans from short term to long term in accordance with the loan repayment periods;
- (b) an increase in finance lease mainly for the purchase of new motor vehicles; and
- (c) an increase in deferred tax provision of approximately S\$495,000 for the current financial year.

### Net working capital

As at 31 March 2018, the Group had a positive net working capital of S\$3.7 million as compared to S\$4.3 million as at 31 March 2017.

### **Cash flow**

For FY2018, the Group generated an operating profit before working capital changes of approximately S\$10.5 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$9.6 million in FY2018.

In FY2018, net cash used in investing activities amounted to approximately S\$8.6 million. 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\$3.8 million in FY2018. This was mainly due to dividends of approximately S\$3.6 million paid during FY2018, and repayments of bank loan and finance lease liabilities, including interest paid during the period, partially offset by proceeds from bank loans of approximately S\$6.4 million.

**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's first flagship outlet in Covent Garden - London, United Kingdom is on track to open in June 2018, generating new revenue streams for the Group and uplifting Old Chang Kee's brand positioning.

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

Following the completion of the new factory facilities and the commissioning of new factory equipment, the Group will focus on improving its gross margins and revenues. These efforts include continued investment in brand positioning, bulk purchases at more favourable prices with the expanded factory space, further expanding its product range including seasonal product launches, and increasing the production efficiency of its factories.

**11 Dividend.**

**(a) Current financial period reported on.**

**Whether an interim (final) ordinary dividend has been declared (recommended) for the current financial period reported on?**

Name of Dividend:	Ordinary (final)
Dividend Type:	Cash
Dividend per share:	1.5 Singapore cent per ordinary share
Tax Rate:	Tax exempt (one-tier)

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

Name of Dividend:	Ordinary (final)
Dividend Type:	Cash
Dividend per share:	1.5 Singapore cent per ordinary share
Tax Rate:	Tax exempt (one-tier)

**(c) Date payable.**

To be announced at a later date.

**(d) Books closure date.**

To be announced at a later date.

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

Not applicable.

**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 ("IPTs").

There were no IPTs exceeding S\$100,000 entered into for the financial year under review.

**14 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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Singapore	Australia	Malaysia	Eliminations	Total
Year ended 31 March 2018	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>					
Sales	85,071	432	662	(678)	85,487
Results:					
Segment results	10,519	(164)	38	13	10,406
Gain on revaluation on property, plant and equipment	239	-	12	-	251
Impairment for investment in unquoted shares	(209)	-	-	-	(209)
Depreciation	(4,761)	(22)	(248)	-	(5,031)
Amortisation	(63)	-	-	-	(63)
Finance costs	(277)	-	(14)	-	(291)
Profit/(loss) before tax and share of results of joint ventures	5,448	(186)	(212)	13	5,063
Share of results of joint ventures					(76)
Taxation					(952)
Profit, net of tax					4,035
<b>Other segment information:</b>					
Segment assets	49,297	171	2,849	(20)	52,297
<b>Capital expenditure:</b>					
- Tangible assets	29,934	78	2,574	-	32,586
- Intangible assets	286	-	3	-	289

	Singapore	Australia	Malaysia	Eliminations	Total
Year ended 31 March 2017	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>					
Sales	77,937	285	323	(200)	78,345
Results:					
Segment results	10,197	(138)	104	-	10,163
Deficit on revaluation on property, plant and equipment	(2,664)	-	(333)	-	(2,997)
Depreciation	(4,213)	(23)	(266)	-	(4,502)
Amortisation	(59)	-	-	-	(59)
Finance costs	(159)	-	(16)	-	(175)
Profit/(loss) before taxation	3,102	(161)	(511)	-	2,430
Taxation					(685)
Profit, net of tax					1,745
<b>Other segment information:</b>					
Segment assets	47,802	168	2,742	-	50,712
<b>Capital expenditure:</b>					
- Tangible assets	25,014	21	2,536	-	27,571
- Intangible assets	348	-	4	-	352

**16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

The Group operates predominantly in Singapore and material changes in contributions to turnover and earnings have been explained in Paragraph 8 above.

The Group's overseas operations accounted for less than 2% of the Group's revenue for the financial year ended 31 March 2018 and as such, these operations do not contribute significantly to the Group's turnover and earnings.

**17 A breakdown of sales.**

	The Group		
	FY2018	FY2017	Increase (Decrease)
	S\$'000	S\$'000	%
Sales reported for the first half year	42,005	38,839	8.2
Operational profit after tax before deducting minority interests reported for first half year	1,419	2,483	(42.9)
Sales reported for the second half year	43,482	39,506	10.1
Operational profit / (loss) after tax before deducting minority interests reported for second half year	2,616	(738)	NM

**18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	The Group Year Ended	
	31-03-2018	31-03-2017
	S\$'000	S\$'000
Ordinary - Interim	1,821	1,821
- Final	*1,821	1,821
<b>Total</b>	<b>3,642</b>	<b>3,642</b>

\*The proposed final dividend for the current financial year ended 31 March 2018 is recommended by the Board of Directors and is subject to the approval of the Company's shareholders at the upcoming Annual General Meeting of the Company.



- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director or chief executive officer or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chow Phee Liat	50	<ol style="list-style-type: none"> <li>1. Nephew of Executive Chairman, Han Keen Juan.</li> <li>2. Nephew of substantial shareholder, Mdm Ng Choi Hong. Mdm Ng is the spouse of Executive Chairman, Han Keen Juan.</li> <li>3. Cousin of Chief Executive Officer, Lim Tao-E William.</li> <li>4. Brother of Executive Director and Deputy Chief Executive Officer, Chow Hui Shien.</li> </ol>	Overseas Business Development Manager, overseeing the overseas business operations of the Group since December 2013; and Executive Director of Old Chang Kee Manufacturing Sdn Bhd, the Group's wholly owned subsidiary, since November 2014.	No changes.

**BY ORDER OF THE BOARD**

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

30 May 2018

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

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

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