

# Rich Heritage Rich Flavours

Annual Report 2019



  
Old Chang Kee  
since 1956





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**D**elivering great food is our advocacy. Satisfying the wide palate of Singaporeans remains to be our delight; and we just keep getting better at it. Making good on its promise, Old Chang Kee carries on with its 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") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report. 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).



# 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 over 60 years now. And we will remain as your Old Chang Kee, giving the same good old taste you have loved all these years. 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 accompanying dips. Bun Times retail outlets offer Hainanese inspired buns with a variety of fillings like curry chicken and coconut. The “Curry Times”, “O’My Kampong” 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.





# Chairman's Statement & 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 financial results for the financial year ended 31 March 2019.

### REVENUE

The Group's revenue increased from S\$85.5 million for the financial year from 1 April 2017 to 31 March 2018 ("FY2018") to S\$89.8 million for the financial year from 1 April 2018 to 31 March 2019 ("FY2019"), an increase of S\$4.3 million or 5.0%.

Revenue from retail outlets increased by approximately S\$3.5 million or 4.2% 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\$794,000 or 60.7% from S\$1.3 million to S\$2.1 million, mainly due to higher events, delivery and export sales.

As at 31 March 2019, the Group operated a total of 86 outlets in Singapore, as compared to 90 outlets as at 31 March 2018.

### COST OF SALES AND GROSS PROFIT

Cost of sales decreased by S\$998,000 or 3.0% mainly due to improved food cost management, partially offset by an increase in factory related depreciation and utility expenses in FY2019.

The Group's gross profit increased by approximately S\$5.3 million or 10.1%. The Group's gross profit margin increased from approximately 61.1% in FY2018 to 64.1% in FY2019, mainly due to improved manpower efficiencies and food cost management.





## OTHER INCOME

The decrease in other income of approximately S\$535,000 was mainly attributable to the following:

- (i) a decrease in government grant income of approximately S\$462,000 in FY2019, mainly due to the absence of government grant income of S\$509,000 to support the Group's productivity initiatives which the Group had received in FY2018;
- (ii) a decrease in special employment credit, temporary employment credit scheme and wage credit schemes income of approximately S\$50,000; and

- (iii) a decrease in gain on disposal of motor vehicles of approximately S\$73,000.

The decrease in other income was partially offset by an increase in insurance compensation of approximately S\$52,000.

## OPERATING EXPENSES

### Selling and distribution expenses

Selling and distribution ("S & D") expenses increased by approximately S\$2.7 million or 7.8% in FY2019. S & D expenses in FY2019 amounted to approximately 42.4% of revenue as compared to approximately 41.3% of revenue in FY2018.

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

- (i) an increase in staff costs of approximately S\$1.1 million mainly due to annual staff salary increment;
- (ii) an increase in subcontract fees of approximately S\$86,000 mainly due to the increase in delivery revenue;
- (iii) an increase in advertising and promotion expenses of approximately S\$138,000;
- (iv) an increase in outlets utility expenses of S\$242,000 mainly due to higher tariff rates during the year; and





(v) an increase in outlet rental expenses of approximately S\$1.2 million, mainly arising from an increase in rental rates for existing outlets; partially offset by

(vi) a decrease in packing materials of approximately S\$99,000.

#### **Administrative expenses**

Administrative expenses increased by approximately S\$1.1 million or 9.4%. The increase in administrative expenses was mainly due to:

(a) an increase in head office staff cost of approximately S\$702,000 mainly due to increase in headcount and annual staff salary increment; and

(b) an increase in legal and professional expenses of approximately S\$163,000 mainly due to branding and consultancy fees incurred during the financial year; partially offset by

(c) a decrease in general repair and maintenance expenses of approximately S\$41,000.

#### **Finance costs**

Finance costs increased by S\$38,000 mainly due to higher interest rates in FY2019.

As a result of the above, the proportion of total operating expenses compared to revenue increased from 57.2% in FY2018 to 58.7% in FY2019.

#### **Depreciation and amortisation**

The increase in depreciation and amortisation expenses of approximately S\$231,000 in FY2019 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\$301,000 for the joint venture in the United Kingdom ("UK") in FY2019, compared to approximately S\$76,000 in FY2018.

#### **PROFIT BEFORE TAX**

The Group's profit before tax increased from approximately S\$4.7 million in FY2018 to approximately S\$5.4 million in FY2019, an increase of approximately S\$676,000 or 14.3%, due to the reasons stated above.





## TAXATION

The Group's taxation expenses increased by S\$122,000 or 12.8% mainly due to an increase in profit and higher non-tax deductible items, partially offset by write-back of prior years' tax balances during the financial year.

## BALANCE SHEET

### Non-current assets

The Group's non-current assets decreased by approximately S\$3.2 million or 9.1% mainly due to:

- (a) depreciation expenses and fixed assets written off of approximately S\$5.4 million, partially offset by purchase of motor vehicles, plant and equipment and renovation costs of approximately S\$2.1 million for the Group's new factory facility and outlets in Singapore during FY2019;
- (b) a decrease in investment in joint venture, due to initial operating losses and start-up cost of approximately S\$301,000 for the joint venture in the UK; and
- (c) 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 decrease in non-current assets was partially offset by an increase in investment in unquoted shares of approximately S\$170,000 mainly due to fair value adjustment upon the adoption of SFRS(I) 9 – Financial Instruments.

### Current assets

The Group's current assets increased by S\$2.8 million or 17.1% mainly due to:

- (a) an increase in cash and bank balances of approximately S\$2.7 million;
- (b) an increase in amount due from joint venture mainly due to a working capital loan and product sales to the UK joint venture of approximately S\$494,000;
- (c) an increase in amount due from associates mainly due to product sales to a Malaysian associated company of approximately S\$131,000; and
- (d) an increase in trade and other receivables of approximately S\$59,000 mainly due to credit sales of outlets' promotional vouchers.





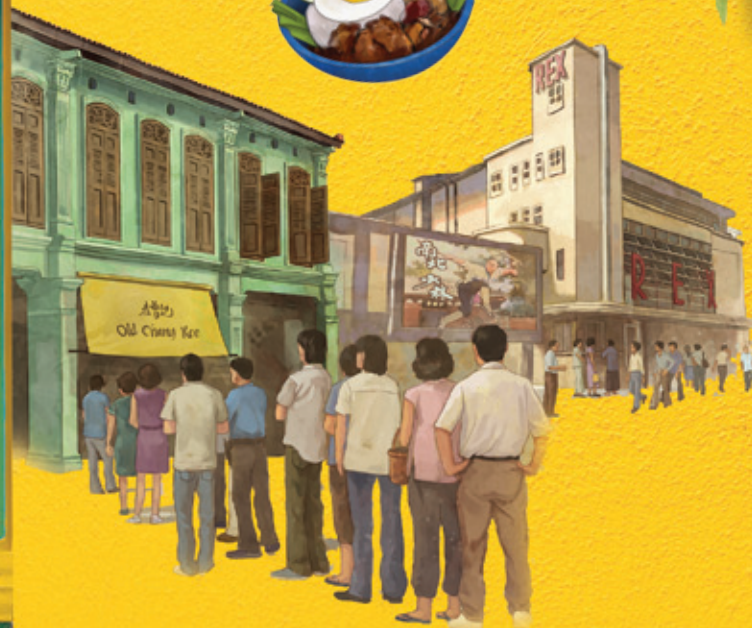
The increase in current assets was partially offset by:

- (a) a decrease in inventories due to lower bulk purchase during the year;
- (b) 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; and
- (c) reclassification of short term lease deposits to long term upon lease renewals, in accordance with the respective lease tenures.

#### Current liabilities

The Group's current liabilities increased by S\$202,000 or 1.6% mainly due to:

- (a) an increase in provision for taxation mainly due to tax expenses of approximately S\$1.3 million, partially offset by write-back of prior years' tax balance of approximately S\$172,000 and tax paid of approximately S\$530,000 during the financial year;
- (b) a decrease in trade and other payables of approximately S\$400,000 mainly due to final settlement to contractors for factory renovation in FY2019, offset by an increase in provision for staff cost, and an increase in deferred income from sales of outlets' promotional vouchers; and





- (c) a decrease in finance lease mainly due to repayment of finance lease, offset by finance lease incurred for the purchase of new motor vehicles.

#### **Non-current liabilities**

The Group's non-current liabilities decreased by approximately S\$1.5 million or 13.7% mainly due to repayment of bank loans and a decrease in deferred tax liabilities during FY2019.

#### **Net working capital**

As at 31 March 2019, the Group had a positive net working capital of S\$6.3 million as compared to S\$3.7 million as at 31 March 2018.

#### **CASH FLOW**

For FY2019, the Group generated an operating profit before working capital changes of approximately S\$11.5 million. Net cash generated from operating activities, inclusive of working capital changes and tax paid, amounted to approximately S\$10.5 million in FY2019.

In FY2019, net cash used in investing activities amounted to approximately S\$1.9 million. This was mainly due 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\$5.9 million in FY2019. This was mainly due to dividends of approximately S\$3.6 million paid during FY2019, working capital loan to joint venture of approximately S\$282,000 and repayments of bank loan and finance lease liabilities, including interest paid during the financial year.

#### **GOING FORWARD**

The Group's first flagship outlet in Covent Garden, London, UK has generated many positive reviews, but challenges such as high overheads and 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. If and when opportunities arise, the Group will look to further expand its retail presence in the UK.

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. The outlook for the food retail market continues to look challenging, amidst the tight labour market.

In the coming months, the Group will continue with its efforts to drive operational efficiencies, and to further build on its unique brand positioning.

#### **DIVIDENDS**

The Directors have proposed a final dividend of 1.5 Singapore cents per ordinary share for FY2019.

#### **RETIREMENT OF DIRECTORS**

Mr Ong Chin Lin and Mr Zainudin Bin Nordin will be stepping down from their positions as Directors in the Company and will not be seeking re-election at the forthcoming Annual General Meeting, with a view to renewing and refreshing the Board.

On behalf of the Board of Directors and the management team, I would like to thank both Mr Ong Chin Lin and Mr Zainudin Bin Nordin for their invaluable business insights and guidance over the years, and we wish them all the best in their future endeavours.

#### **ACKNOWLEDGEMENT**

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



# 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!

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



## Catering

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



Through the nostalgic décor and traditionally-prepared dishes, O' My Kampong is a vintage concept café that aims to revive the memories of a bygone era.



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.





Established in 1956, Old Chang Kee is a household name in Singapore, best known for its signature curry puffs and a wide variety of high-quality hot finger food.



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 accompanying dips.



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



# Retail Outlets

19/21/23 Mackenzie Road  
(Old Chang Kee Coffee House)

313@Somerset

Alexandra Retail Centre

Aljunied MRT Station

AMK Hub

Ang Mo Kio MRT Station

Bedok Mall

Bugis Junction

Bukit Merah Central

Bukit Panjang Plaza

Buona Vista MRT Station

Caltex Clementi

Caltex Dunearn

Caltex Jurong West

Caltex Tampines

Causeway Point

Changi Airport Terminal 2

Changi Airport Terminal 3

Changi Airport Terminal 4

Changi City Point

Chinatown Heritage Centre

Chua Chu Kang MRT Station

City Square Mall

Clementi Mall

Compass One

Far East Plaza

Funan DigitalLife Mall

Greenwich V

Heartland Mall

Holland Village MRT Station

Hougang Mall

IMM Building

International Plaza

Ion Orchard

Jem (under renovation)

Jewel Changi Airport

Junction 8 Shopping Centre

Jurong Point Shopping Centre

Kallang MRT Station

Kallang Wave

Kembangan MRT Station

Lot 1 Shoppers' Mall

National University of Singapore (NUS)

Nex Mall

Ngee Ann Polytechnic

Northpoint Shopping Centre

Novena Square

NTUC Hub @ Benoi

Our Tampines Hub

Our Tampines Hub\*\*\*

(Old Chang Kee Coffee House)

Paragon

Parkway Parade

Paya Lebar Quarter\*\*\*

Paya Lebar Square

Plaza Singapura

Potong Pasir MRT Station

Sentosa Beach Station

Simei MRT Station

Singapore Cruise Centre

Singpost Centre

SMART Energy Service Station @

Serangoon North

SPC East Coast Service Station

SPC Jalan Buroh Service Station

SPC Punggol Service Station

Sun Plaza

Suntec City

Tampines MRT Station

Thomson Plaza

Tiong Bahru Plaza

Toa Payoh Hub

Ubi Avenue 2

United Square

V Hotel @ Lavender

VivoCity

Waterway Point

West Mall

White Sands

Wisma Atria

Yew Tee Point



\*\*\* (Coming soon)





• MacRitchie Reservoir



• Woodlands MRT Station



• NTUC Hub @ Bnei  
• Tieng Bahru Plaza



• Alexandra Retail Centre  
• Changi Airport Terminal 3  
• Changi Airport Terminal 4  
• Northpoint City  
• Nevena Square  
• Westgate



• Sengkang Riverside Park



# Milestones

1956

Origins of Old Chang Kee'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 renowned travel magazine based in New York City.

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.

2017

Received "Halal" certification from Jabatan Kemajuan Islam Malaysia (JAKIM) for our factory in Iskandar Malaysia.

2018

Launched flagship outlet in Covent Garden, London, United Kingdom

Launched "Old Chang Kee Coffee House", our Singapore flagship outlet at the original location opposite Rex Cinema.

2019

Launch of Heritage Puff Series to celebrate the Singapore Bicentennial.







# Group Structure



Old Chang Kee  
Manufacturing  
Sdn. Bhd.

**100%**

Ten & Han  
Trading Pte Ltd

**100%**

Old Chang Kee  
Australia Pty  
Ltd

**100%**

Old Chang Kee  
UK Limited

**60%**

Old Chang Kee  
Thailand Co.,  
Ltd. (Dormant)

**40%**

Old Chang Kee  
(M) Sdn. Bhd.

**40%**





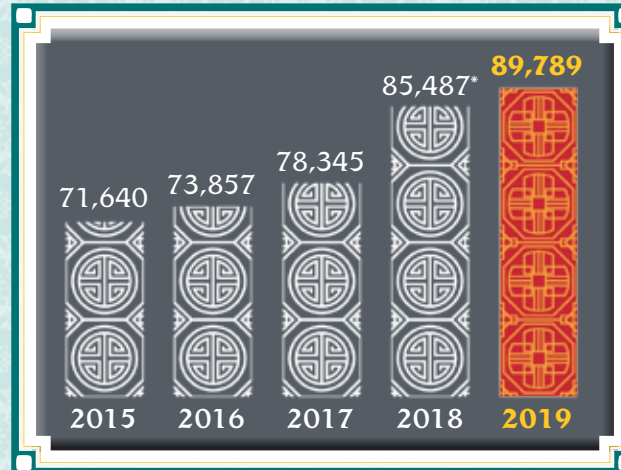
Old Chang Kee has been a brand close to many Singaporeans' hearts, a home-grown brand built with enduring and innovative spirit. Today, Old Chang Kee stands on the international stage, with its first flagship outlet in London, United Kingdom, connecting Singaporeans abroad and avid puff lovers alike. More than just a puff, Old Chang Kee reminds Singaporeans of their roots, where home truly is.



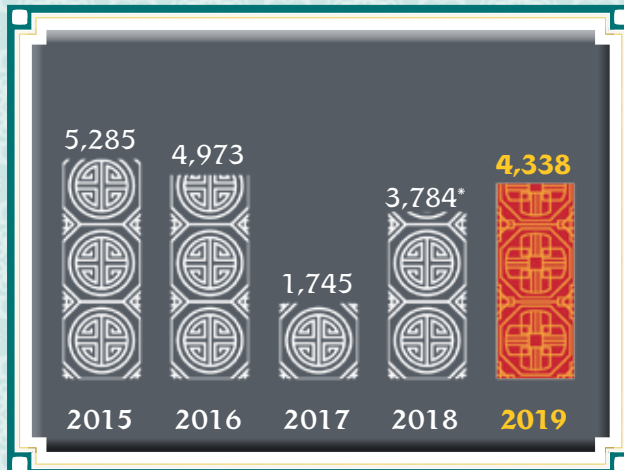
# Financial Highlights



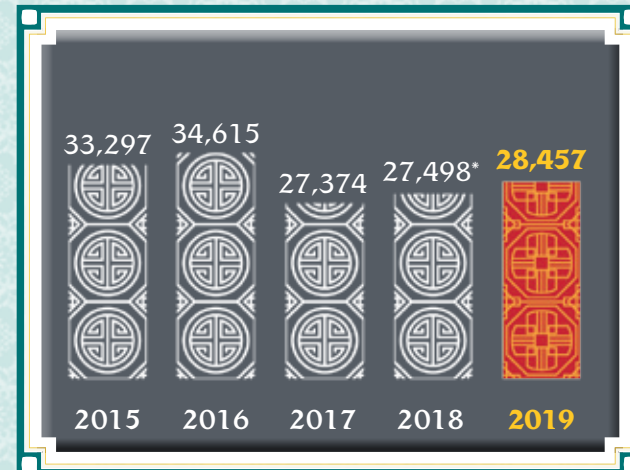
Revenue S\$'000



Net Profit S\$'000



Shareholder's Equity S\$'000



\*Restated due to the adoption of Singapore Financial Reporting Standards (International) that are effective on 1 April 2018.



<b>\$'000</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>	<b>2019</b>
Revenue	71,640	73,857	78,345	85,487	89,789
Profit before taxation	6,708	6,095	2,430	4,736	5,412
Net profit attributable to shareholders	5,285	4,973	1,745	3,784	4,338
Shareholders' equity	33,297	34,615	27,374	27,498	28,457
Non-current assets	28,438	31,334	30,220	34,808	31,643
Current assets	23,628	23,138	20,492	16,463	19,274
Non-current liabilities	8,802	8,917	7,155	11,021	9,506
Current liabilities	9,967	10,940	16,183	12,752	12,954

### Financial Indicators

Profit before taxation margin	9.4%	8.3%	3.1%	5.5%	6.0%
Net profit margin	7.4%	6.7%	2.2%	4.4%	4.8%
Earnings per share (Singapore cents)	4.35	4.10	1.44	3.12	3.57
Net asset value per share (Singapore cents)	27.43	28.52	22.55	22.66	23.45
Return on equity	15.9%	14.4%	6.4%	13.8%	15.2%
Return on assets	10.2%	9.1%	3.4%	7.4%	8.5%
Current ratio	2.4:1	2.1:1	1.3:1	1.3:1	1.5:1

\*Restated due to the adoption of Singapore Financial Reporting Standards (International) that are effective on 1 April 2018.



# Board Of Directors

## Han Keen Juan

*Executive Chairman*

Mr Han Keen Juan is our Executive Chairman and the spouse of Mdm Ng Choi Hong, a deemed controlling shareholder of the Company. He 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 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*

Mr 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 and expansion of the Group's business into overseas markets, and oversees 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*

Ms 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*

Mr Ong Chin Lin, appointed as our Lead Independent Director on 16 November 2007, is currently also an independent director of Acesian Partners 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*

Ms Audrey Yap Su Ming, appointed as our Independent Director on 24 July 2014, is the managing partner of regional Intellectual Property ("IP") specialist & Commercial law firm, Yusarn Audrey. Yusarn Audrey is headquartered in Singapore and has offices in Thailand and Malaysia, and collaboration partner offices in Europe and Philippines.





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 for value and monetisation, and advising countries on IP policies. Audrey is a qualified lawyer in Singapore and Malaysia, a solicitor of England and Wales, a registered patent agent in Singapore and a Notary Public.

In 2018, Audrey was named as Asia Law's Market Leading lawyer for IP, and named as one of Singapore's Leading Trademark Professional in World Trademark Reporter. 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 for 11 consecutive years, from 2009 till 2019.

Audrey's past accolades include being listed as one of Singapore's leading lawyers in 2008 Who's Who Legal, and one of the top Women Business lawyers in Singapore by Euromoney.

Audrey is a Board Member of Enterprise Singapore, Ministry of Trade and Industry Singapore, a Member of the Board of Directors in IP Office of Singapore ("IPOS") and an Adjunct Fellow with the IP Academy of Singapore.

She was recently elected as President for LES International to serve in 2020-2021, a leading international association of IP and licensing professionals worldwide and the first from Singapore to achieve this.

She is also the Chairman of the SMEC Innovation Committee, Singapore Business Federation (SBF), Council Member of the Workforce Advancement Federation (WAF) and Legal Advisor to the Franchise & License Association (FLA).

Audrey was the 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. Audrey recently completed a study for WIPO in 2019 on public sector IP.

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.

## Zainudin Bin Nordin

*Independent Director*

Mr Zainudin Bin Nordin, appointed as our Independent Director on 28 July 2015, is currently the Deputy Principal (Development) at ITE College East. 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. He was the Chairman of the Bishan-Toa Payoh Town Council from

2004 to 2011 and the President of the Football Association of Singapore (FAS) from 2009 to 2016.

Zainudin is also on the Board of Directors of the Mendaki Social Enterprise Network Singapore Pte Ltd, which is the social enterprise arm of Yayasan Mendaki. He graduated with the "Diplôme d'ingénieur en électronique et électrotechnique" (which is equivalent to the Master of Science in Electrical and Electronics Engineering) from ESIEE Paris, France.

## Tan Han Beng

*Proposed Lead Independent Director*

Mr Tan Han Beng, our proposed Lead Independent Director, is a Chartered Accountant (Singapore) with more than 20 years of professional financial experience. He currently provides corporate advisory services as an independent consultant and is also the Independent Director of several other companies listed on the Singapore Exchange.

His working experience includes acting as a Registered Professional licensed by the Singapore Exchange at the largest continuing sponsorship firm in Singapore, where he also held a Capital Markets Financial Advisory Services license issued by the Monetary Authority of Singapore. He was also previously with a Big Four accounting firm where he performed and led numerous financial, internal and special audit engagements.



# Key Management

## Song Yeow Chung

*Chief Financial Officer*

Mr 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. Yeow Chung had served as the Group Financial Controller prior to his promotion to Chief Financial Officer with effect from 30 January 2018. He has more than 15 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*

Mr Philip Chow joined the Group in April 2005 and has been 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*

Mr Jacky Lee joined the Group in April 2011, and is responsible for overseeing the Group's research and development and food production processes, and ensuring that such processes 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 Seh Wen Jie

*Retail Operations, Senior Manager*

Mr Don Soh joined the Group in May 2010 and is responsible for overseeing the retail operations of the 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, Senior 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  
(Executive Chairman)

Lim Tao-E William  
(Executive Director and Chief Executive Officer)

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)

## 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

DBS Bank Ltd.  
Oversea-Chinese Banking Corporation Limited  
OCBC Bank (Malaysia) Berhad  
United Overseas Bank Limited  
Commerce International  
Merchant Bankers Berhad

## Auditors

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

## Audit Partner-In-Charge

Teo Li Ling  
(Appointed since financial year ended 31 March 2018)

## Spenser

PrimePartners Corporate Finance Pte. Ltd.  
16 Collyer Quay  
#10-00 Income At Raffles  
Singapore 049318





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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**”) is 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 2019 (“**FY2019**”), 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 2016 (the “**Guide**”).

<b>Guideline</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	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 FY2019.



# 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 Executive Directors and three are Independent Directors as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Composition of the Board</th> <th colspan="3">Composition of the Board Committees* C – Chairman M – Member</th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> <th>Audit Committee ("AC")</th> <th>Nominating Committee ("NC")</th> <th>Remuneration Committee ("RC")</th> </tr> </thead> <tbody> <tr> <td>Han Keen Juan</td> <td>Executive Chairman</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Lim Tao-E William</td> <td>Executive Director and Chief Executive Officer ("CEO")</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Chow Hui Shien</td> <td>Executive Director and Deputy Chief Executive Officer</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Ong Chin Lin<sup>(1)</sup></td> <td>Lead Independent Director</td> <td>C</td> <td>M</td> <td>M</td> </tr> <tr> <td>Audrey Yap Su Ming</td> <td>Independent Director</td> <td>M</td> <td>C</td> <td>M</td> </tr> <tr> <td>Zainudin Bin Nordin<sup>(2)</sup></td> <td>Independent Director</td> <td>M</td> <td>M</td> <td>C</td> </tr> </tbody> </table> <p>Note:</p> <p>* The AC, NC and RC each comprises 3 members, all of whom are non-executive and independent Directors. The Lead Independent Director is the Chairman of the AC and a member of the NC and RC.</p> <p>(1) Mr Ong Chin Lin will retire pursuant to Regulation 96 of the Constitution of the Company and will not be seeking re-election as a director at the forthcoming AGM of the Company to be held on 25 July 2019.</p> <p>(2) Mr Zainudin Bin Nordin will retire pursuant to Regulation 96 of the Constitution of the Company and will not be seeking re-election as a director at the forthcoming AGM of the Company to be held on 25 July 2019.</p>	Composition of the Board		Composition of the Board Committees* C – Chairman M – Member			Name of Director	Designation	Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")	Han Keen Juan	Executive Chairman	–	–	–	Lim Tao-E William	Executive Director and Chief Executive Officer ("CEO")	–	–	–	Chow Hui Shien	Executive Director and Deputy Chief Executive Officer	–	–	–	Ong Chin Lin <sup>(1)</sup>	Lead Independent Director	C	M	M	Audrey Yap Su Ming	Independent Director	M	C	M	Zainudin Bin Nordin <sup>(2)</sup>	Independent Director	M	M	C
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Chow Hui Shien	Executive Director and Deputy Chief Executive Officer	–	–	–																																						
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Audrey Yap Su Ming	Independent Director	M	C	M																																						
Zainudin Bin Nordin <sup>(2)</sup>	Independent Director	M	M	C																																						



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<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> <ul style="list-style-type: none"> <li>(a) decide on matters in relation to the Group's activities which are of significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;</li> <li>(b) align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders;</li> <li>(c) oversee the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and</li> <li>(d) ensure compliance with all laws and regulations as may be relevant to the business.</li> </ul>
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the AC, RC and NC (collectively, the " <b>Board Committees</b> "). The compositions of the Board Committees are set out in the responses to Guidelines 1.1 and 1.2 of this report.



# 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 FY2019, 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>Board and Board Committee Meetings in FY2019</b></th> </tr> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td><b>No. of Meetings held</b></td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td><b>Name of Directors</b></td> <td colspan="4"><b>No. of Meetings Attended</b></td> </tr> <tr> <td>Han Keen Juan</td> <td>4</td> <td>4 *</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>4</td> <td>4</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>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* <i>By invitation</i></p> <p>The constitution of the Company (the "<b>Constitution</b>") provides for Directors to convene meetings other than physical meetings, by teleconferencing or videoconferencing.</p>	<b>Board and Board Committee Meetings in FY2019</b>						Board	AC	NC	RC	<b>No. of Meetings held</b>	4	4	1	1	<b>Name of Directors</b>	<b>No. of Meetings Attended</b>				Han Keen Juan	4	4 *	1 *	1 *	Lim Tao-E William	4	4 *	1 *	1 *	Chow Hui Shien	4	4 *	1 *	1 *	Ong Chin Lin	4	4	1	1	Audrey Yap Su Ming	4	4	1	1	Zainudin Bin Nordin	2	2	1	1
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# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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, amongst others, the following:</p> <ul style="list-style-type: none"> <li>(a) corporate strategies;</li> <li>(b) major investment and divestment proposals;</li> <li>(c) material acquisitions and disposals of assets;</li> <li>(d) material interested person transactions;</li> <li>(e) major financing, corporate financial restructuring plans and changes in the capital of the Company;</li> <li>(f) approval of financial results announcements, annual reports and audited financial statements; and</li> <li>(g) proposal of dividends and other returns to shareholders.</li> </ul>
1.6	(a) Are new Directors given formal training? If not, please explain why.	<p>The Board ensures that all newly appointed Directors will 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 Director. 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>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<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 Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors in the future.</p> <p>To ensure that Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. The costs of such training sessions are borne by the Company.</p> <p>The Company funds and arranges for the Directors to receive regular training. In this connection, during FY2019, the Company's external auditors updated the Board on the changes to the accounting standards, and the Company Secretary updated the Board on the revised Code issued on 6 August 2018 and the amendments to the Catalist Rules.</p>
<b>Board Composition and Guidance</b>		
<p>2.1 2.2</p>	<p>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.</p>	<p>In view that the Chairman of the Board, Mr Han Keen Juan, is part of the Management, Guideline 2.2 of the Code is complied with as the Independent Directors make up at least half of the Board.</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>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.</p> <p>Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code.</p> <p>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.</p> <p>With reference to Rule 406(3) of the Catalist Rules, each of Mr Ong Chin Lin, Ms Audrey Yap Su Ming and Mr Zainudin Bin Nordin has also confirmed that he/she was not employed by the Company or any of its related corporations for the current or any of the past three financial years, and he/she does not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC of the Company.</p>
	(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.	<p>Mr Ong Chin Lin, the Company's Lead Independent Director has served on the Board for more than nine years since the date of his first appointment on 16 November 2007. The Board has in particular rigorously reviewed the independence of Mr Ong Chin Lin and has determined that his independence has not in any way been affected or impaired by the length of service as he has, inter alia:</p> <ul style="list-style-type: none"> <li>(a) contributed significantly to the discussion on matters before the Board, which include matters relating to the strategic direction, key financial matters and corporate governance of the Company;</li> <li>(b) sought clarification and amplification as he deemed necessary, including through direct access to key management personnel; and</li> <li>(c) provided impartial advice and insights, and has exercised his independent judgement in doing so.</li> </ul> <p>The following assessments were conducted and deliberated by the Board before arriving at the conclusion:</p> <ul style="list-style-type: none"> <li>(i) review of Board and Board Committee meetings minutes to assess questions and voting actions of Mr Ong Chin Lin;</li> <li>(ii) Mr Ong Chin Lin's declaration and individual evaluation; and</li> <li>(iii) peer and Board Committees performance assessment done by the other Directors.</li> </ul> <p>Mr Ong Chin Lin's depth of experience and skills and his continual contributions since the initial public offering of the Company makes him an invaluable member of the Board. The Board has also determined that there were no relationships or circumstances which were likely to affect, or could appear to affect, Mr Ong Chin Lin's judgment.</p> <p>Therefore, the Board is satisfied as to the performance of Mr Ong Chin Lin and his continued independence of judgment. Nonetheless, as part of the board renewal process, Mr Ong Chin Lin will retire pursuant to Regulation 96 of the Constitution of the Company and will not be seeking re-election as a director at the forthcoming AGM of the Company to be held on 25 July 2019.</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																						
2.5	What are the steps taken by the Board to progressively renew the Board composition?	<p>The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.</p> <p>To meet the changing challenges in the industry and countries which the Group operates in, regular reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done to ensure that the Board dynamics remain optimal.</p>																																						
2.5	Does the Board consider its board size to be appropriate?	Taking into consideration the size and nature of the current business operations, the Board considers its current board size appropriate to effectively facilitate the operations of the Group.																																						
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	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.																																						
	(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>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"> <thead> <tr> <th colspan="3"><b>Balance and Diversity of the Board</b></th> </tr> <tr> <th></th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Core Competencies</b></td> </tr> <tr> <td>- Accounting or finance</td> <td>6</td> <td>6/6</td> </tr> <tr> <td>- Business management</td> <td>6</td> <td>6/6</td> </tr> <tr> <td>- Legal or corporate governance</td> <td>6</td> <td>6/6</td> </tr> <tr> <td>- Relevant industry knowledge or experience</td> <td>5</td> <td>5/6</td> </tr> <tr> <td>- Strategic planning experience</td> <td>6</td> <td>6/6</td> </tr> <tr> <td>- Capital markets</td> <td>5</td> <td>5/6</td> </tr> <tr> <td>- Information Technology</td> <td>5</td> <td>5/6</td> </tr> <tr> <td colspan="3"><b>Gender</b></td> </tr> <tr> <td>- Male</td> <td>4</td> <td>4/6</td> </tr> <tr> <td>- Female</td> <td>2</td> <td>2/6</td> </tr> </tbody> </table>	<b>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	- Capital markets	5	5/6	- Information Technology	5	5/6	<b>Gender</b>			- Male	4	4/6	- Female	2
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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> <ul style="list-style-type: none"> <li>(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</li> <li>(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.</li> </ul> <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?	<p>The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss the concerns or matters such as the effectiveness of Management.</p> <p>During FY2019, the Independent Non-Executive Directors met regularly as a group in the absence of key management personnel.</p>



# 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 Management, the Company has appointed Mr Ong Chin Lin as the Company's Lead Independent Director, pursuant to the recommendations of the Code. In view of Mr Ong Chin Lin's impending retirement as the Lead Independent Director of the Company, the NC has recommended the appointment of Mr Tan Han Beng as Lead Independent Director of the Company to the Board. Please refer to the response to Guideline 4.6 of this report for more information. 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 Chief Financial Officer ("CFO") 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?	<p>Led by the Lead Independent Director, the Independent Directors will meet in the absence of other directors as and when the circumstances warrant.</p> <p>During FY2019, the Independent Non-Executive Directors met regularly as a group in the absence of key management personnel.</p>
<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 Independent Non-Executive 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> <i>The term "principal commitments" 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.</i></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 the response to 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, and should not be guided by a numerical limit. In making this assessment, the NC adopts a holistic approach by taking into consideration, inter alia, the contributions of 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 the discharge of his or her duties as Director should not be dependent on or restricted to such Director's number of board representations.</p> <p>For FY2019, 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>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<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, including whether such commitment is a full-time or part-time employment capacity;</li> <li>(ii) the geographical location of the Directors;</li> <li>(iii) the size and composition of the Board;</li> <li>(iv) the nature and scope of the Group's operations and size; and</li> <li>(v) the capacity, complexity and expectations of the other listed directorships and principal commitments held.</li> </ul> <p>The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:</p> <ul style="list-style-type: none"> <li>(a) declarations by individual Directors of their other listed company board directorships and principal commitments;</li> <li>(b) annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and</li> <li>(c) assessment of the individual Directors' performance based on the criteria set out in the response to Guidelines 5.1, 5.2 and 5.3 below.</li> </ul>
	<p>(d) Have the Directors adequately discharged their duties?</p>	<p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any) and is satisfied that all Directors have discharged their duties adequately for FY2019.</p>
<p>4.5</p>	<p>Are there alternate Directors?</p>	<p>The Company currently does not have any alternate directors. Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age-related concerns as well as Management succession plans.</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
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"> <thead> <tr> <th colspan="3" data-bbox="731 349 1732 387"><b>Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="731 387 782 568">1.</td> <td data-bbox="782 387 1058 568">Determination of selection criteria</td> <td data-bbox="1058 387 1732 568">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 data-bbox="731 568 782 689">2.</td> <td data-bbox="782 568 1058 689">Search for suitable candidates</td> <td data-bbox="1058 568 1732 689">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 data-bbox="731 689 782 810">3.</td> <td data-bbox="782 689 1058 810">Assessment of shortlisted candidates</td> <td data-bbox="1058 689 1732 810">The NC would meet and interview the shortlisted candidates to assess their suitability, ensuring that the candidates are aware of the expectations and the level of commitment required of them.</td> </tr> <tr> <td data-bbox="731 810 782 878">4.</td> <td data-bbox="782 810 1058 878">Appointment of director</td> <td data-bbox="1058 810 1732 878">The NC would then recommend the selected candidate to the Board for its consideration and approval.</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3" data-bbox="731 908 1732 946"><b>Process for the Re-appointment of Incumbent Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="731 946 782 1067">1.</td> <td data-bbox="782 946 1058 1067">Assessment of director</td> <td data-bbox="1058 946 1732 1067">The NC would assess the overall contributions and performance of the Director in accordance with the performance criteria set by the Board, and consider the current needs of the Board.</td> </tr> <tr> <td data-bbox="731 1067 782 1158">2.</td> <td data-bbox="782 1067 1058 1158">Re-appointment of director</td> <td data-bbox="1058 1067 1732 1158">Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</td> </tr> </tbody> </table> <p data-bbox="731 1188 1732 1354">The Constitution requires not less than one-third of the Board to retire from office by rotation at each annual general meeting ("AGM"). Rule 720(4) of the Catalist Rules also states that all Directors should submit themselves for re-nomination and re-appointment at least once every three years. Accordingly, the Directors will submit themselves for re-election at regular intervals of at least once every three (3) years. A retiring Director is eligible for re-election by the shareholders at the AGM.</p>	<b>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 and interview the shortlisted candidates to assess their suitability, ensuring 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.	<b>Process for the Re-appointment of Incumbent Directors</b>			1.	Assessment of director	The NC would assess the overall contributions and performance of the Director in accordance with the performance criteria set by the Board, and consider the current needs of the Board.	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director 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
		<p>The NC has recommended to the Board that Mr Ong Chin Lin and Mr Zainudin Bin Nordin, who are due to retire by rotation, be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered the Directors' overall contributions and performance. However, Mr Ong Chin Lin, our Lead Independent Director, the Chairman of the AC and a member of the NC and RC, and Mr Zainudin Bin Nordin, an Independent Director, the Chairman of the RC and a member of the AC and NC, will not be seeking re-election at the forthcoming AGM as both of them have decided to retire, with a view to refreshing the Board.</p> <p>In view of Mr Ong Chin Lin's impending retirement as the Lead Independent Director of the Company, the NC has recommended the appointment of Mr Tan Han Beng as Lead Independent Director of the Company (the "<b>Appointment</b>") to the Board. Having reviewed the qualifications and experience of Mr Tan Han Beng, the Board has recommended that the Appointment be tabled as ordinary resolution 4 at the forthcoming AGM for shareholders' approval. If appointed at the forthcoming AGM, Mr Tan Han Beng will also be appointed as the Lead Independent Director, Chairman of the AC and a member of the NC and RC. The Board considers Mr Tan Han Beng to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Tan Han Beng does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. He is not employed by the Company or any of its related corporations for the current or any of the past three financial years, and he has no immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC of the Company.</p> <p>Further information on Mr Tan Han Beng can be found under the section entitled "Board of Directors" of the Annual Report 2019. The detailed information on Mr Tan Han Beng, as required under Appendix 7F of the Catalist Rules for first time appointment or re-election of Directors, can be found on pages 65 to 70 of this Annual Report.</p> <p>The NC will continue to take active steps to source for suitable candidates to be appointed to the Board, in view of Mr Zainudin Bin Nordin's impending retirement as an Independent Director of the Company.</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																			
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 72 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>26 July 2018</td> <td>None</td> </tr> <tr> <td>Ong Chin Lin</td> <td>Non-Executive / Independent</td> <td>16 November 2007</td> <td>26 July 2017</td> <td>Acesian Partners Limited</td> </tr> <tr> <td>Audrey Yap Su Ming</td> <td>Non-Executive / Independent</td> <td>24 July 2014</td> <td>26 July 2018</td> <td>None</td> </tr> <tr> <td>Zainudin Bin Nordin</td> <td>Non-Executive / Independent</td> <td>28 July 2015</td> <td>26 July 2017</td> <td>None</td> </tr> </tbody> </table> <p>Further details of the Directors and the proposed Lead Independent Director, Mr Tan Han Beng, including their profile and principal commitments, are set out on pages 18 to 19 of this Annual Report.</p>	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	26 July 2018	None	Ong Chin Lin	Non-Executive / Independent	16 November 2007	26 July 2017	Acesian Partners Limited	Audrey Yap Su Ming	Non-Executive / Independent	24 July 2014	26 July 2018	None	Zainudin Bin Nordin	Non-Executive / Independent	28 July 2015	26 July 2017	None
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<b>Board Performance</b>																																					
5.1 5.2 5.3	What are 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 decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, to evaluate how the Board has enhanced long-term shareholder 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>																																			

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
		<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. The evaluations are designed to assess the Board's effectiveness to enable the Chairman of the NC and the Board to identify the areas of improvement or enhancement which can be made to the Board.</p> <p>The table below 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="757 757 1759 1211"> <thead> <tr> <th colspan="2" data-bbox="757 757 1759 787"><b>Performance Criteria</b></th> </tr> <tr> <th data-bbox="757 787 1258 855"><b>Board and Board Committees: Board Performance Evaluation Form</b></th> <th data-bbox="1258 787 1759 855"><b>Individual Directors: Directors' Assessment Checklist</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="757 855 1258 1211"> <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="1258 855 1759 1211"> <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> <p>The NC did not propose any changes to the performance criteria for FY2019 as compared to the previous financial year ("FY2018") because the economic climate, Board composition and the Group's principal business activities remained the same since FY2018.</p>	<b>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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# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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>For FY2019, the Directors individually completed a board performance evaluation form and a directors' assessment checklist, based on the criteria disclosed in the table immediately 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 FY2019, 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> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.</p> <p>The Company Secretary acts as an external facilitator in the evaluation process.</p>
	(b) Has the Board met its performance objectives?	<p>The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs for FY2019, 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.</p>
<b>Access to Information</b>		
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>It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).</p> <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>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
		<table border="1" data-bbox="757 349 1757 697"> <thead> <tr> <th colspan="3" data-bbox="757 349 1757 387"><i>Types of information provided by key management personnel to Independent Directors</i></th> </tr> <tr> <th data-bbox="757 387 807 420"></th> <th data-bbox="807 387 1568 420">Information</th> <th data-bbox="1568 387 1757 420">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="757 420 807 485">1.</td> <td data-bbox="807 420 1568 485">Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td data-bbox="1568 420 1757 485">Quarterly</td> </tr> <tr> <td data-bbox="757 485 807 550">2.</td> <td data-bbox="807 485 1568 550">Updates to the Group's operations and the markets in which the Group operates</td> <td data-bbox="1568 485 1757 550">Quarterly</td> </tr> <tr> <td data-bbox="757 550 807 588">3.</td> <td data-bbox="807 550 1568 588">Management accounts (with financial variance analysis)</td> <td data-bbox="1568 550 1757 588">Quarterly</td> </tr> <tr> <td data-bbox="757 588 807 625">4.</td> <td data-bbox="807 588 1568 625">Enterprise risk management report</td> <td data-bbox="1568 588 1757 625">Quarterly</td> </tr> <tr> <td data-bbox="757 625 807 663">5.</td> <td data-bbox="807 625 1568 663">Reports received on the Group's whistle blowing policy</td> <td data-bbox="1568 625 1757 663">Quarterly</td> </tr> <tr> <td data-bbox="757 663 807 697">6.</td> <td data-bbox="807 663 1568 697">External and internal auditors' reports</td> <td data-bbox="1568 663 1757 697">Annually</td> </tr> </tbody> </table> <p data-bbox="757 722 1757 802">Key management personnel will also provide any additional material or information that is requested by the Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p> <p data-bbox="757 833 1757 969">Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management strives to ensure that the Directors have sufficient time to review the materials for the Board meetings prior to such meetings.</p> <p data-bbox="757 999 1757 1055">Management will also use their best endeavours to encrypt documents which contain material price sensitive information when circulating documents electronically.</p>	<i>Types of information provided by key management personnel to Independent Directors</i>				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)	Quarterly	4.	Enterprise risk management report	Quarterly	5.	Reports received on the Group's whistle blowing policy	Quarterly	6.	External and internal auditors' reports	Annually
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# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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>(a) ensure that Board procedures are observed and that the 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 “<b>Act</b>”) and the Catalyst Rules, are complied with;</li> <li>(b) assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;</li> <li>(c) assist the Chairman to ensure good information flows within the Board and its committees and key management personnel;</li> <li>(d) facilitate orientation and assist with professional development as required;</li> <li>(e) train, design and implement a framework for key management personnel's compliance with the Catalyst Rules, including timely disclosure of material information;</li> <li>(f) attend and prepare minutes for all Board meetings;</li> <li>(g) 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>(h) 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>
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.

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<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, with Mr Ong Chin Lin and Ms Audrey Yap Su Ming as members. All members of the RC are Independent Non-Executive 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> <p>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.</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
7.3	Were remuneration consultants engaged in the last financial year?	<p>No remuneration consultants were engaged by the Company in FY2019 as the Company is of the view that the annual review by the RC, which includes the referencing of Directors and key management personnel's remuneration against past and comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives.</p> <p>If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of all Directors.</p>
<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 Independent Non-Executive 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 the 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>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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?	<p>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 Board is of the view that as the Group pays performance bonuses based on the actual results of the Group and/or Company (and not on forward-looking results), as well as the actual performance of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.</p> <p>Nonetheless, 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.</p>
<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.



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																																		
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 (in percentage terms) for the remuneration of the Directors for FY2019 is as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Fixed Remuneration (%)<sup>(1)</sup></th> <th>Performance Bonus (%)<sup>(1)</sup></th> <th>Directors Fees (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Band VII: Between S\$1,500,001 and S\$1,750,000</b></td> </tr> <tr> <td>Han Keen Juan</td> <td>58</td> <td>40</td> <td>-</td> <td>2</td> <td>100</td> </tr> <tr> <td colspan="6"><b>Band VI: Between S\$1,250,001 and S\$1,500,000</b></td> </tr> <tr> <td>Lim Tao-E William</td> <td>57</td> <td>42</td> <td>-</td> <td>1</td> <td>100</td> </tr> <tr> <td colspan="6"><b>Band IV: Between S\$750,001 and S\$1,000,000</b></td> </tr> <tr> <td>Chow Hui Shien</td> <td>49</td> <td>50</td> <td>-</td> <td>1</td> <td>100</td> </tr> <tr> <td colspan="6"><b>Band I: Below S\$250,000</b></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> <p><b>Note:</b> (1) Fixed remuneration and performance bonus include employer's contribution to Central Provident Fund ("CPF").</p> <p>The Directors' remuneration for FY2019 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 niche food kiosk 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>	Name	Fixed Remuneration (%) <sup>(1)</sup>	Performance Bonus (%) <sup>(1)</sup>	Directors Fees (%)	Benefits-in-kind (%)	Total (%)	<b>Band VII: Between S\$1,500,001 and S\$1,750,000</b>						Han Keen Juan	58	40	-	2	100	<b>Band VI: Between S\$1,250,001 and S\$1,500,000</b>						Lim Tao-E William	57	42	-	1	100	<b>Band IV: Between S\$750,001 and S\$1,000,000</b>						Chow Hui Shien	49	50	-	1	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
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# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 FY2019 fell within the band of S\$250,000 and below.</p> <p>Please refer to the above.</p>
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 CEO and Executive Director, and he is the Overseas Business Development Manager of the Group. For FY2019, the remuneration of Mr Philip Chow Phee Liat was between S\$100,000 and S\$150,000.
8.2 9.5	Please provide details of the employee share scheme(s).	The Company had in place the Old Chang Kee Performance Share Scheme (" <b>Scheme</b> "), which expired on 28 April 2019, being the expiry of the 10-year period commencing on the adoption date of the Scheme on 29 April 2009. More information in relation to the Old Chang Kee Performance Share Scheme is set out on page 73 of this Annual Report. No share awards were granted pursuant to the Scheme.



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
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 FY2019. 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.						
	(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>Leadership and people development</li> <li>Brand development</li> <li>Overseas business development</li> <li>Current market and industry practices</li> <li>Macro-economic factors</li> </ol> </td> </tr> <tr> <td><b>Quantitative</b></td> <td> <ol style="list-style-type: none"> <li>Annual profit before and after tax</li> <li>Return on equity</li> <li>Relative financial performance of the Group to its industry peers</li> <li>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>Leadership and people development</li> <li>Brand development</li> <li>Overseas business development</li> <li>Current market and industry practices</li> <li>Macro-economic factors</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>Annual profit before and after tax</li> <li>Return on equity</li> <li>Relative financial performance of the Group to its industry peers</li> <li>Sales growth</li> </ol>
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(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 FY2019.							

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<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>
<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.	To assist the Board, the Board has established the risk management committee (" <b>RMC</b> "), headed by the Company's Deputy CEO, Ms Chow Hui Shien and comprises management staff as its members. The RMC 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 RMC reviews all significant control policies and procedures and highlights any significant matters to the AC.



# Corporate Governance





Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Executive Directors meet with the Management on an ongoing basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the Board on a quarterly basis.</p> <p>The Group has in place a structured and systematic approach to risk management, and aims to mitigate the Group's exposure to risks through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure strategic, business, operational, financial, reporting, compliance and information technology risk exposures are identified and appropriately managed.</p> <p>At least once a year, the Group undertakes an enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and information technology controls. During this exercise, risk owners review and update the risks and controls for their respective areas. The result of this annual risk review is presented to the Board to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable given the operational nature of the business.</p> <p>The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.</p>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<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 CFO (refer to the response to Guideline 11.3(b) below);</li> <li>(ii) Both 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> <li>(iii) The RMC regularly evaluates, monitors and reports to the AC on material risks;</li> <li>(iv) Discussions were held between the AC, EA and IA, in the absence of the key management personnel to review and address any potential concerns; and</li> <li>(v) An enterprise risk management framework was established to identify, manage and mitigate significant risks.</li> </ul> <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>The Company believes sustainable practices are important to the success of the Group's business. The Company will publish its standalone FY2019 Sustainability Report no later than 31 August 2019 and the same will be uploaded on the Company's website as well as on SGXNET.</p> <p>In defining the Company's sustainability reporting content, the Company will apply the principles of the Global Reporting Initiative (GRI) by considering the Group's activities, impact and substantive expectations and interests of its stakeholders. The Company will observe a total of four principles, namely materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, the Company will observe the principles of balance, comparability, accuracy, timeliness, clarity and reliability.</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Sustainability Report will be on a “comply or explain” basis in accordance with Rule 711B and Practice Note 7F of the Catalyst Rules. Corresponding to GRI’s emphasis on materiality, the Sustainability Report will highlight the key economic, environmental, social and governance related initiatives carried out throughout the 12-month period, from 1 April 2018 to 31 March 2019.</p> <p>The Company has identified the following as material economic, environmental, social and governance factors:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: 150px;"> <p><b>ECONOMIC</b></p> <p>Economic Performance Anti-Corruption</p> </div> </div> <div style="text-align: center;">  <div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: 150px;"> <p><b>ENVIRONMENTAL</b></p> <p>Materials Energy Effluents and Waste Supplier Environmental Assessment Environmental Compliance</p> </div> </div> <div style="text-align: center;">  <div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: 150px;"> <p><b>SOCIAL</b></p> <p>Occupational Health and Safety Diversity and Equal Opportunity Customer Health and Safety Local Communities</p> </div> </div> <div style="text-align: center;">  <div style="border: 1px solid black; border-radius: 15px; padding: 10px; width: 150px;"> <p><b>GOVERNANCE</b></p> <p>Corporate Governance Enterprise Risk Management Business Ethics</p> </div> </div> </div> <p>Further details on the Company’s sustainable practices are contained in the Company’s FY2019 Sustainability Report to be issued by 31 August 2019.</p>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<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:</p> <p>(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 CFO in respect of FY2019.</p>
<b>Audit Committee</b>		
<p>12.1 12.3 12.4</p>	<p>What is the composition and role of the AC?</p>	<p>All members of the AC are Independent Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.</p> <p>The AC is governed by written terms of reference under which it is responsible for, amongst others:</p> <p>(a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences;</p> <p>(b) reviewing the results of external audit, in particular:</p> <p>(i) their audit report; and</p> <p>(ii) their management letter and Management's response thereto;</p>



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(c) reviewing the co-operation given by the Company's officers to the external auditors;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <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>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<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>
12.2	Are the members of the AC appropriately qualified to discharge their responsibilities?	<p>Yes. The Board considers Mr Ong Chin Lin, who has extensive and practical accounting and financial management knowledge and experience, well-qualified to chair the AC.</p> <p>All members of the AC collectively have many years of accounting or related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.</p>
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 FY2019.
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.



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
	(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"> <thead> <tr> <th colspan="3"><i>Fees Paid/Payable to the EA for FY2019</i></th> </tr> <tr> <th></th> <th>S\$ ('000)</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td><b>Audit fees</b></td> <td>88</td> <td>83</td> </tr> <tr> <td><b>Non-audit fees</b></td> <td></td> <td></td> </tr> <tr> <td>- Tax related services</td> <td>18</td> <td>17</td> </tr> <tr> <td><b>Total</b></td> <td><b>106</b></td> <td><b>100</b></td> </tr> </tbody> </table>	<i>Fees Paid/Payable to the EA for FY2019</i>				S\$ ('000)	% of total	<b>Audit fees</b>	88	83	<b>Non-audit fees</b>			- Tax related services	18	17	<b>Total</b>	<b>106</b>	<b>100</b>
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<b>Total</b>	<b>106</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 FY2019 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.																		
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 FY2019, 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.																		

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<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 Chairman of the AC 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.</p> <p>The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the EA and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.</p> <p>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.</p> <p>The AC is satisfied that the internal audit function is independent, effective and adequately resourced and the IA is able to discharge its duties effectively as it:</p> <ul style="list-style-type: none"> <li>(a) is adequately qualified, given that it is expected to adhere to or exceed the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors;</li> <li>(b) is adequately resourced as there is a team of experienced members assigned to the Company's internal audit; and</li> <li>(c) has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.</li> </ul>

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Shareholder Rights</b>		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the multiple proxies regime introduced by the Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.
<b>Communication with Shareholders</b>		
15.1	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise.
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?	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.



# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	<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> <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 CFO are responsible for the Company's communication with its shareholders.</p>
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	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> .
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, inter alia, 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.
	Is the Company is paying dividends for the financial year? If not, please explain why.	Details of dividends declared to shareholders in respect of FY2019 are set out on page 166 of the Annual Report.

# Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<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> <p>The Company practises having separate resolutions at general meetings on each distinct issue and will make available minutes of general meetings to shareholders, which may include questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, upon their requests 4 weeks after the general meeting.</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>

# Corporate Governance

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 FY2019 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 and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following:</p> <ul style="list-style-type: none"> <li>(a) internal controls and the enterprise risk management system established by the Company;</li> <li>(b) work performed by the IA and EA;</li> <li>(c) assurance from the CEO and CFO; and</li> <li>(d) reviews done by the various Board Committees and key management personnel.</li> </ul>
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 S\$100,000 and above transacted during FY2019.</p>



# Corporate Governance

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
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	Non-sponsor fees of \$18,000 were paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2019. This relates to valuation advisory services undertaken during FY2019.

# Corporate Governance

## INFORMATION REQUIRED UNDER APPENDIX 7F OF THE CATALIST RULES FOR FIRST APPOINTMENT OR RE-ELECTION OF DIRECTORS

<b>Appendix 7F Requirements</b>	
<b>Details required under Appendix 7F of the Catalist Rules</b>	<b>Tan Han Beng</b>
Date of Initial Appointment	Proposed to be appointed as an independent director on 25 July 2019
Date of last re-appointment (if applicable)	Not applicable
Age	43
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to pages 38 to 39 of the Annual Report for the Board's comments.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, AC Chairman, NC Member and RC Member
Professional qualifications	Bachelor of Accountancy Member of the Institute of Singapore Chartered Accountants since July 2013
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> <li>• 25 March 2019 to 3 May 2019 Serrano Limited - Chief Executive Officer</li> <li>• 1 July 2014 to 31 December 2018 PrimePartners Corporate Finance Pte Ltd – Registered Professional, Continuing Sponsorship (Corporate Finance)</li> <li>• November 2011 to June 2014 CNP Compliance Pte Ltd – Director/Registered Professional, Continuing Sponsorship</li> <li>• March 2010 to August 2011 Singapore Exchange – Assistant Vice President (Issuer Regulation)</li> <li>• September 1999 to February 2010 PwC Singapore – Senior Manager, Advisory</li> </ul>

# Corporate Governance

Appendix 7F Requirements	
<b>Details required under Appendix 7F of the Catalist Rules</b>	<b>Tan Han Beng</b>
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
<b>Other Principal Commitments* Including Directorships#</b>  * “Principal Commitments” has the same meaning as defined in the Code - “principal commitments” includes 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.  # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
Past (for the last 5 years)	Nil



# Corporate Governance

Appendix 7F Requirements						
Details required under Appendix 7F of the Catalist Rules		Tan Han Beng				
Present		Details of present directorships:				
		<b>Start Date</b>	<b>End Date</b>	<b>Company</b>	<b>Industry</b>	<b>Position</b>
		March 2013	Current	Challenger Technologies Limited	Consumer Electronics	Lead Independent Director / Audit Committee Chairman / Member of Nominating and Remuneration Committees
		February 2019	Current	Kitchen Culture Holdings Ltd	Sale of Kitchen Systems	Independent Director / Member of Audit, Nominating and Remuneration Committees
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer any question is “yes”, full details must be given.						
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?		No				
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?		No				

# Corporate Governance

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalyst Rules	Tan Han Beng
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

# Corporate Governance

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	Tan Han Beng
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  (iv) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No



# Corporate Governance

<b>Appendix 7F Requirements</b>	
<b>Details required under Appendix 7F of the Catalyst Rules</b>	<b>Tan Han Beng</b>
<p>(v) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No
<b>Disclosure applicable to the appointment of Director only</b>	
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)	Yes
<p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	Mr Tan Han Beng has been a director of Challenger Technologies Limited and Kitchen Culture Holdings Ltd, both of which are listed on the SGX-ST, since March 2013 and February 2019 respectively.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Mr Tan Han Beng has prior experience as a director of an issuer listed on the SGX-ST.

# 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 2019.

## 1. Opinion of the Directors

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 2019 and the financial performance, changes in equity and cash flows of the Group and 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

Mr Ong Chin Lin and Mr Zainudin Bin Nordin will retire pursuant to Regulation 96 of the Constitution of the Company and will not be seeking re-election as director at the forthcoming Annual General Meeting of the Company to be held on 25 July 2019.

## 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 the financial year 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 the financial year, had, according to the register of Directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, 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 the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
<i>Ordinary shares of the Company</i>				
<i>Old Chang Kee Ltd. ('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	–	–
<i>Ordinary shares of a Joint Venture</i>				
<i>Old Chang Kee UK Limited ('000)</i>				
Han Keen Juan	100*	100*	–	–
Lim Tao-E William	100*	100*	–	–
Chow Hui Shien	100*	100*	–	–

\* These shares are held in trust by the Directors on behalf of the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

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 at the end of the financial year.



# Directors' Statement

## 5. Performance shares

The Company had an employee share scheme known as the Old Chang Kee Performance Share Scheme (the "Scheme"), which expired on 28 April 2019, being the expiry of the 10-year period commencing on the adoption date of the Scheme on 29 April 2009. The Scheme was 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.

The committee administering the Scheme ("Committee") comprised all members of the Board of Directors. Since the commencement of the Scheme till the end of the financial year, no share awards were granted.

## 6. Audit committee

The Audit Committee (the "AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50.

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 a year.

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

25 June 2019

# Independent Auditor's Report



To the Members of Old Chang Kee Ltd.

## Report on the audit on the financial statements

### Opinion

We have audited the financial statements of Old Chang Kee Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



# Independent Auditor's Report



To the Members of Old Chang Kee Ltd.

## Key Audit Matters (cont'd)

### Impairment of Malaysian property, plant and equipment

As at 31 March 2019, the Group has property, plant and equipment of \$28,453,000, and the carrying amount of these assets located in Malaysia amounted to \$2,178,000. As disclosed in Note 35 to the financial statements, the Group's Malaysia geographical segment has incurred loss of \$242,000 in the current financial year. This indicates that the property, plant and equipment located in Malaysia could be impaired. The Group has performed an impairment assessment to determine the recoverable amount of these assets based on their value in use.

The impairment assessment is significant to our audit due to the magnitude of the carrying amount of the assets being tested and management has exercised significant judgement on key assumptions and estimates that are sensitive to expected future market and economic conditions. Based on the outcome of this impairment assessment, management has concluded that no impairment loss was required to be recorded on the property, plant and equipment located in Malaysia for the financial year ended 31 March 2019.

Our audit procedures included, amongst others, reviewing management's identification of impairment indicators related to the property, plant and equipment and their estimation of the value in use of the assets in Malaysia. We assessed the reasonableness of management's key assumptions used in estimating the value in use of these assets, such as discount rate, budgeted revenue, budgeted costs and long-term growth rate. We also considered the long-term and strategic plans that were approved by management in our analysis of the forecast. We evaluated the robustness of management's budgeting process by comparing the actual results to previously forecasted results. Our internal valuation specialist assisted us in evaluating management's discount rate and long-term growth rate by comparing against external data.

We also assessed the adequacy and appropriateness of the disclosures set out in Property, plant and equipment (Note 11) to the financial statements.

### **Other Information**

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

To the Members of Old Chang Kee Ltd.

## Responsibilities of Management and Directors 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 Act and SFRS(I), 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditor's Report

To the Members of Old Chang Kee Ltd.



## Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The engagement partner on the audit resulting in this independent auditor's report is Teo Li Ling.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

25 June 2019



# Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 March 2019

	Note	2019 \$'000	2018 \$'000
<b>Revenue</b>			
Cost of sales	4	89,789	85,487
Gross profit		(32,251)	(33,249)
		57,538	52,238
<b>Other items of income</b>			
Interest income on short-term deposits		64	49
Other income	5	1,145	1,680
<b>Other items of expense</b>			
Selling and distribution expenses		(38,039)	(35,291)
Administrative expenses		(12,892)	(11,782)
Finance costs	6	(329)	(291)
Other expenses	7	(1,774)	(1,791)
<b>Profit before tax and share of results of joint venture</b>	8	5,713	4,812
Share of results of joint venture		(301)	(76)
Profit before tax		5,412	4,736
Income tax expense	9	(1,074)	(952)
<b>Profit for the year</b>		4,338	3,784

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

# Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 March 2019

## Other comprehensive income

### Item that may be reclassified subsequently to profit or loss

Exchange differences on translating foreign operations

### Other comprehensive income/(loss) for the year, net of tax

### Total comprehensive income for the year attributable to owners of the Company

### Earnings per share attributable to owners of the Company (cents per share)

Basic

Diluted

Note	2019 \$'000	2018 \$'000
	76	(19)
	76	(19)
	4,414	3,765
10	3.57	3.12
10	3.57	3.12

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

# Balance Sheets

AS At 31 March 2019

	Note	Group			Company		
		31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
<b>Non-current assets</b>							
Property, plant and equipment	11	28,453	31,560	27,571	–	–	–
Intangible assets	12	228	289	352	–	–	–
Investment in subsidiaries	13	–	–	–	5,640	5,640	5,640
Investment in unquoted shares	14	234	64	273	234	64	273
Investment in associates and joint venture	15	160	461	–	537	537	–
Long term deposits	17	2,568	2,434	2,024	–	–	–
		<u>31,643</u>	<u>34,808</u>	<u>30,220</u>	<u>6,411</u>	<u>6,241</u>	<u>5,913</u>
<b>Current assets</b>							
Inventories	18	1,097	1,192	705	–	–	–
Trade and other receivables	19	336	277	253	–	–	–
Deposits	17	756	1,015	1,040	–	–	–
Prepayments		1,013	1,192	2,939	41	24	24
Amount due from joint venture	16	494	–	–	282	–	–
Amounts due from associates	16	131	–	–	–	–	–
Amounts due from subsidiaries	20	–	–	–	7,198	8,109	7,720
Cash and bank balances	21	15,447	12,787	15,555	4,999	3,324	5,557
		<u>19,274</u>	<u>16,463</u>	<u>20,492</u>	<u>12,520</u>	<u>11,457</u>	<u>13,301</u>

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



# Balance Sheets

AS At 31 March 2019

	Note	Group			Company		
		31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
<b>Current liabilities</b>							
Trade and other payables	22	7,491	7,891	8,252	1,843	1,683	1,834
Other liabilities	23	176	170	170	–	–	–
Provisions	24	2,390	2,398	2,285	44	41	32
Bank loans	25	1,430	1,430	4,230	–	–	–
Finance lease liabilities	26&30(c)	146	166	117	–	–	–
Provision for taxation		1,321	697	1,129	35	27	16
		<u>12,954</u>	<u>12,752</u>	<u>16,183</u>	<u>1,922</u>	<u>1,751</u>	<u>1,882</u>
<b>Net current assets</b>		<u>6,320</u>	<u>3,711</u>	<u>4,309</u>	<u>10,598</u>	<u>9,706</u>	<u>11,419</u>
<b>Non-current liabilities</b>							
Bank loans	25	7,748	9,179	6,032	–	–	–
Finance lease liabilities	26&30(c)	502	506	160	–	–	–
Deferred tax liabilities	27	1,256	1,336	963	–	–	–
		<u>9,506</u>	<u>11,021</u>	<u>7,155</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net assets</b>		<u>28,457</u>	<u>27,498</u>	<u>27,374</u>	<u>17,009</u>	<u>15,947</u>	<u>17,332</u>
<b>Equity attributable to owners of the Company</b>							
Share capital	28	13,964	13,964	13,964	13,964	13,964	13,964
Retained earnings		14,398	13,515	13,372	3,045	1,983	3,368
Other reserves	29	95	19	38	–	–	–
<b>Total equity</b>		<u>28,457</u>	<u>27,498</u>	<u>27,374</u>	<u>17,009</u>	<u>15,947</u>	<u>17,332</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 2019

## Attributable to owners of the Company

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>Opening balance at 1 April 2018 (FRS framework)</b>	13,964	12,533	1,905	19	1,886	28,402
Cumulative effects of adopting SFRS(I)	–	1,168	(1,886)	–	(1,886)	(718)
<b>Opening balance at 1 April 2018 (SFRS(I) framework)</b>	13,964	13,701	19	19	–	27,684
Profit for the year	–	4,338	–	–	–	4,338
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	–	–	76	76	–	76
Total comprehensive income for the year	–	4,338	76	76	–	4,414
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 36)	–	(3,641)	–	–	–	(3,641)
<b>Closing balance at 31 March 2019</b>	<b>13,964</b>	<b>14,398</b>	<b>95</b>	<b>95</b>	<b>–</b>	<b>28,457</b>
<b>Opening balance at 1 April 2017 (FRS framework)</b>	13,964	12,139	1,271	38	1,233	27,374
Cumulative effects of adopting SFRS(I)	–	1,233	(1,233)	–	(1,233)	–
<b>Opening balance at 1 April 2017 (SFRS(I) framework)</b>	13,964	13,372	38	38	–	27,374
Profit for the year	–	3,784	–	–	–	3,784
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	–	–	(19)	(19)	–	(19)
Total comprehensive income for the year	–	3,784	(19)	(19)	–	3,765
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares (Note 36)	–	(3,641)	–	–	–	(3,641)
<b>Closing balance at 31 March 2018</b>	<b>13,964</b>	<b>13,515</b>	<b>19</b>	<b>19</b>	<b>–</b>	<b>27,498</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 2019

Company	Share capital \$'000 (Note 28)	Retained earnings \$'000	Total equity \$'000
<b>Opening balance at 1 April 2018 (FRS framework)</b>	13,964	1,983	15,947
Cumulative effects of adopting SFRS(I)	–	186	186
<b>Opening balance at 1 April 2018 (SFRS(I) framework)</b>	13,964	2,169	16,133
Profit for the year, representing total comprehensive income for the year	–	4,517	4,517
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares (Note 36)	–	(3,641)	(3,641)
<b>Closing balance at 31 March 2019</b>	<u>13,964</u>	<u>3,045</u>	<u>17,009</u>
<b>Opening balance at 1 April 2017</b>	13,964	3,368	17,332
Profit for the year, representing total comprehensive income for the year	–	2,256	2,256
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares (Note 36)	–	(3,641)	(3,641)
<b>Closing balance at 31 March 2018</b>	<u>13,964</u>	<u>1,983</u>	<u>15,947</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 2019

	Note	2019 \$'000	2018 \$'000
<b>Operating activities</b>			
Profit before tax		5,412	4,736
<b>Adjustments for:</b>			
(Write back)/impairment loss on amount due from associate	16	(11)	141
Impairment loss on trade and other receivables	19	59	23
Fair value adjustment/impairment loss for investment in unquoted shares	7	16	209
Amortisation of intangible assets	12	63	63
Depreciation of property, plant and equipment	11	5,262	5,031
Gain on disposal of property, plant and equipment		(106)	(179)
Property, plant and equipment written off		135	345
Interest expense	6	329	291
Interest income		(64)	(49)
Share of results of joint venture		301	76
Currency realignment		131	(195)
<b>Operating profit before changes in working capital</b>		11,527	10,492
Decrease/(increase) in inventories		95	(487)
Increase in trade and other receivables		(118)	(47)
Increase in amount due from joint venture		(212)	–
Increase in amounts due from associates		(120)	(141)
Decrease/(increase) in deposits		125	(385)
Decrease in prepayments		179	1,747
Decrease in trade and other payables		(400)	(361)
Increase in other liabilities		6	–
Decrease in provisions		(87)	(158)

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 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operations</b>		10,995	10,660
Income taxes paid		(530)	(1,011)
<b>Net cash flows generated from operating activities</b>		10,465	9,649
<b>Investing activities</b>			
Purchase of property, plant and equipment	11	(2,144)	(8,524)
Purchase of intangible assets	12	(2)	–
Proceeds from disposal of property, plant and equipment		184	431
Capital injection into joint venture		–	(537)
Interest income received		64	49
<b>Net cash flows used in investing activities</b>		(1,898)	(8,581)
<b>Financing activities</b>			
Proceeds from bank loans		–	6,436
Loan to joint venture		(282)	–
Repayment of finance lease liabilities		(224)	(251)
Interest paid		(329)	(291)
Repayment of bank loans		(1,431)	(6,089)
Dividends paid	36	(3,641)	(3,641)
<b>Net cash flows used in financing activities</b>		(5,907)	(3,836)
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,660	(2,768)
<b>Cash and cash equivalents at the beginning of the financial year</b>		12,787	15,555
<b>Cash and cash equivalents at the end of the financial year</b>	21	15,447	12,787

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 2019

## 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 Catalyst 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 subsidiaries 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 (International) (“SFRS(I)”).

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the 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 First time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group’s and the Company’s opening balance sheets were prepared as at 1 April 2017, the Group and the Company’s date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 April 2018 are disclosed below.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of SFRS(I) (cont'd)

#### Exemption applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- The Group has elected to regard the fair values of freehold land and buildings classified as Property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 April 2017. As a result, asset valuation reserve of \$1,233,000 has been reclassified to retained earnings as at 1 April 2017.
- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

#### New accounting standards effective on 1 April 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

#### SFRS(I) 9 Financial Instruments

On 1 April 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of SFRS(I) (cont'd)

#### SFRS(I) 9 Financial Instruments (cont'd)

##### Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity security, the Group previously measures its investment in unquoted shares at cost. Upon adoption of SFRS(I) 9, the Group measures the investment in unquoted shares at FVPL. The impact arising from this change resulted in an increase in carrying value of \$186,000 to the investment in unquoted shares with a corresponding adjustment to the opening retained earnings as at 1 April 2018.

##### Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The adoption of SFRS(I) 9 did not result in any additional loss allowance to be recognised.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of (SFRS(I)) (cont'd)

#### SFRS(I) 9 Financial Instruments (cont'd)

##### Tax adjustments and other adjustments

Upon adoption of SFRS(I) 9, the Group's investment in unquoted shares as at 1 April 2018 increased by \$186,000. There is no tax or other adjustment arising from the increase in the carrying value of the unquoted shares.

The Group has assessed which business model apply to the financial asset held by the Group at 1 April 2018 and has classified its financial instrument into the appropriate categories in accordance with SFRS(I) 9. The effects, before tax impact are as follows:

Measurement category	Group and Company				
	FRS 39 carrying amount on 31 March 2018 \$'000	Re-classification \$'000	Re-measurement \$'000	SFRS(I) 9 carrying amount on 1 April 2018 \$'000	Retained earnings effect on 1 April 2018 \$'000
<b>FVPL</b>					
Reclassified from available-for-sale unquoted shares, carried at cost	–	64	186	250	186
<b>FVPL balance, reclassification and remeasurement at 1 April 2018</b>	–	64	186	250	186

#### SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 Revenue from Contracts with Customers which is effective for annual periods beginning on or after 1 April 2018.

The Group has applied SFRS(I) 15 retrospectively and has assessed that there was no material impact with the adoption of SFRS(I) 15 except for the reclassification of the contract liabilities from sundry creditors of \$35,000 as at 31 March 2018 and \$11,000 as at 1 April 2017 upon the adoption of SFRS(I) 15.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of (SFRS(I)) (cont'd)

#### SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

Contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract. Upon adoption of SFRS(I) 15, the Group recognised contract liabilities of \$351,000 related to advances received from customers as at 31 March 2019.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 April 2017 to the balance sheet of the Group.

	1 April 2017 (FRS) \$'000	Group SFRS(I) 1 adjustments \$'000	1 April 2017 (SFRS(I)) \$'000
<b>Non-current assets</b>	30,220	–	30,220
<b>Current assets</b>	20,492	–	20,492
<b>Less: Current liabilities</b>	16,183	–	16,183
<b>Net current assets</b>	4,309	–	4,309
<b>Non-current liabilities</b>	7,155	–	7,155
<b>Net assets</b>	27,374	–	27,374
<b>Equity attributable to owners of the Company</b>			
Share capital	13,964	–	13,964
Retained earnings	12,139	1,233	13,372
Other reserves	1,271	(1,233)	38
<b>Total equity</b>	27,374	–	27,374

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 March 2018 and 1 April 2018 to the balance sheet of the Group.

	31 March 2018 (FRS) \$'000	SFRS(I) 1 adjustments \$'000	Group 31 March 2018 (SFRS(I)) \$'000	SFRS(I) 9 adjustments \$'000	1 April 2018 (SFRS(I)) \$'000
<b>Non-current assets</b>					
Other non-current assets	3,184	–	3,184	–	3,184
Property, plant and equipment	32,586	(1,026)	31,560	–	31,560
Investment in unquoted shares	64	–	64	186	250
	<u>35,834</u>	<u>(1,026)</u>	<u>34,808</u>	<u>186</u>	<u>34,994</u>
<b>Current assets</b>	16,463	–	16,463	–	16,463
<b>Less: Current liabilities</b>	12,752	–	12,752	–	12,752
<b>Net Current assets</b>	3,711	–	3,711	–	3,711
<b>Non-current liabilities</b>					
Deferred tax liabilities	1,458	(122)	1,336	–	1,336
Other non-current liabilities	9,685	–	9,685	–	9,685
	<u>11,143</u>	<u>(122)</u>	<u>11,021</u>	<u>–</u>	<u>11,021</u>
<b>Net assets</b>	<u>28,402</u>	<u>(904)</u>	<u>27,498</u>	<u>186</u>	<u>27,684</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	13,964	–	13,964	–	13,964
Retained earnings	12,533	982	13,515	186	13,701
Other reserves	1,905	(1,886)	19	–	19
<b>Total equity</b>	<u>28,402</u>	<u>(904)</u>	<u>27,498</u>	<u>186</u>	<u>27,684</u>



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new standards on 31 March 2018 to the balance sheet of the Company. The adoption of SFRS(I) does not have any impact to the balance sheet of the Company as at 1 April 2017.

	31 March 2018 (FRS) \$'000	Company SFRS(I) 9 adjustments \$'000	1 April 2018 (SFRS(I)) \$'000
<b>Non-current assets</b>			
Other non-current assets	6,177	–	6,177
Investment in unquoted shares	64	186	250
	<u>6,241</u>	<u>186</u>	<u>6,427</u>
<b>Current assets</b>	11,457	–	11,457
<b>Less: Current liabilities</b>	<u>1,751</u>	<u>–</u>	<u>1,751</u>
<b>Net current assets</b>	<u>9,706</u>	<u>–</u>	<u>9,706</u>
<b>Net assets</b>	<u>15,947</u>	<u>186</u>	<u>16,133</u>
<b>Equity attributable to owners of the Company</b>			
Share capital	13,964	–	13,964
Retained earnings	<u>1,983</u>	<u>186</u>	<u>2,169</u>
<b>Total equity</b>	<u>15,947</u>	<u>186</u>	<u>16,133</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of (SFRS(I)) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the comprehensive income of the Group for the year ended 31 March 2018.

	2018 (FRS) \$'000	Group SFRS(I) 1 adjustments \$'000	2018 (SFRS(I)) \$'000
<b>Revenue</b>	85,487	–	85,487
Cost of sales	(33,249)	–	(33,249)
<b>Gross profit</b>	52,238	–	52,238
<b>Other items of income</b>			
Interest income on short-term deposits	49	–	49
Other income	1,931	(251)	1,680
<b>Other items of expense</b>			
Selling and distribution expenses	(35,291)	–	(35,291)
Administrative expenses	(11,782)	–	(11,782)
Finance costs	(291)	–	(291)
Other expenses	(1,791)	–	(1,791)
<b>Profit before tax and share of results of joint venture</b>	5,063	(251)	4,812
Share of results of joint venture	(76)	–	(76)
Profit before tax	4,987	(251)	4,736
Income tax expense	(952)	–	(952)
<b>Profit for the year</b>	4,035	(251)	3,784

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.2 First time adoption of (SFRS(I)) (cont'd)

	2018 (FRS) \$'000	Group SFRS(I) 1 adjustments \$'000	2018 (SFRS(I)) \$'000
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net gain/(deficit) on revaluation of freehold land and buildings	775	(775)	-
Deferred tax on revaluation of freehold land and buildings	(122)	122	-
Exchange differences on translating foreign operations	(19)	-	(19)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<u>634</u>	<u>(653)</u>	<u>(19)</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<u>4,669</u>	<u>(904)</u>	<u>3,765</u>
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic	<u>3.32</u>	<u>(0.20)</u>	<u>3.12</u>
Diluted	<u>3.32</u>	<u>(0.20)</u>	<u>3.12</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

#### SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening retained earnings at 1 April 2019.



# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

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

#### SFRS(I) 16 Leases (cont'd)

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities of approximately \$22 million for its leases previously classified as operating leases, as of 1 April 2019.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

### 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 2019

## 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.

#### (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.

### 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 are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

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

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 plant and equipment are not depreciated as these assets are not yet available for use.

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

### 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.

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.

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

Computer software licenses	–	5 years
Club membership	–	24 years

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.

# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

### 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 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 balance sheet, investment in subsidiaries are accounted for at cost less impairment losses.

### 2.10 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.10 Joint arrangements (cont'd)

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

#### (a) Joint operations

The Group recognises in relation to its interest in a joint operation,

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

#### (b) Joint venture

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.11.

### 2.11 Joint venture and 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 accounts for its investment in associates and joint venture using the equity method from the date on which it becomes an associate or joint venture.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.11 *Joint venture and associates (cont'd)*

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 represents 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 associates' or joint venture's profit or loss in the period in which the investment is acquired.

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

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

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 associates or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint venture and their carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint venture are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### 2.12 *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.

# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

### 2.12 Financial instruments (cont'd)

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

##### Initial recognition and measurement (cont'd)

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Subsequent measurement

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

###### *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

###### Investments in equity instruments

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income ("OCI"), changes in fair value are recognised in profit or loss.

##### De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.12 Financial instruments (cont'd)

#### (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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).



# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

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

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.14 Cash and cash equivalents

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

### 2.15 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.

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.

### 2.16 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.16 Provisions (cont'd)

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.

### 2.17 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.

### 2.18 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.

### 2.19 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.

# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

### 2.20 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.

### 2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) Sales of goods through outlet sales and non-outlet sales

Revenue from sales of goods through outlet sales and non-outlet sales are recognised net of goods and services tax and discounts upon satisfaction of each performance obligations which generally coincides with delivery and acceptance of the goods sold.

#### (b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 2.22 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.

#### (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 joint venture, 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.

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.

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.



# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

### 2.22 Taxes (cont'd)

#### (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.

### 2.23 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.

### 2.24 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

### 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. 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.

#### ***Key sources of estimation uncertainty***

The key assumption 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.

#### ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 11 to the financial statements.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 5. Other income

	Group	
	2019	2018
	\$'000	\$'000
Government grants	47	509
Insurance compensation	112	60
Royalty and Franchise income	30	–
Sale of scrap oil	171	201
Special Employment and Temporary Employment Credit <sup>(a)</sup>	238	270
Wage Credit Scheme <sup>(b)</sup>	232	250
Gain on disposal of property, plant and equipment	106	179
Sundry income	209	211
	1,145	1,680

- (a) The Special Employment Credit (“SEC”) was introduced as a budget initiative in the financial year 2011 and was further enhanced in financial year 2012 to cover a wider range of employees and enabling more employers to benefit from the Scheme. The enhanced Scheme is for 5 years but it was extended for three years from 1 January 2017 to 31 December 2019. During Budget 2019, the Minister of Finance for Singapore announced a further 1 year extension from 31 December 2019 to 31 December 2020.

Under the extended SEC, for each Singaporean employee who is aged 55 and above and who earns up to \$4,000 per month, the Company will receive up to 8% Special Employment Credit based on that employee’s salary and employee’s age. The Scheme has 2 payouts in March and September.

- (b) The Wage Credit Scheme (“WCS”) was introduced as a budget initiative in 2013 to help businesses which may face rising wage costs in a tight labour market. The Government will co-fund 40% of wage increases to Singaporean employees earning a gross monthly wage of \$4,000 for the financial year 2013 to 2015 and 20% co-funding in the financial years of 2016 and 2017. During Budget 2018, the WCS was further extended to 2020. The co-funding ratio will be 20% for 2018, and subsequently step down to 15% in 2019 and 10% in 2020.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 6. Finance costs

### *Interest expense:*

Finance lease liabilities

Bank loans

Group	
2019	2018
\$'000	\$'000
33	21
296	270
<u>329</u>	<u>291</u>

## 7. Other expenses

Amortisation of intangible assets

Depreciation of property, plant and equipment - admin

Loss/(gain) on foreign exchange, net

Property, plant and equipment written off

(Write-back)/impairment loss on amount due from an associate (Note 16)

Impairment loss on trade and other receivables (Note 19)

Fair value adjustment/impairment for investment in unquoted shares

Group	
2019	2018
\$'000	\$'000
63	63
1,334	1,228
178	(218)
135	345
(11)	141
59	23
16	209
<u>1,774</u>	<u>1,791</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2019 \$'000	2018 \$'000
Depreciation of property, plant and equipment (Note 11)	5,262	5,031
Inventories recognised as an expense in cost of sales (Note 18)	27,396	28,687
Employee benefits expense (including Directors):		
- Salaries and bonuses	23,010	21,292
- Central Provident Fund	3,374	3,319
Non-audit fees paid to:		
- Auditor of the Group	19	19
Audit fees paid to:		
- Auditor of the Group	88	78
- Other auditors	26	18
Operating lease expenses (Note 30(b))	14,057	12,953
Staff training and benefits	482	360
Utilities expenses	2,049	1,693
Packaging material expenses	1,495	1,525

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 9. Income tax expense

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

The major components of tax expense for the years ended 31 March 2019 and 31 March 2018 are as follows:

	Group	
	2019	2018
	\$'000	\$'000
Current income tax:		
- Current income taxation	1,326	697
- Over provision in respect of previous years	(172)	(118)
	1,154	579
Deferred income tax:		
- Origination and reversal of temporary differences	(80)	373
	(80)	373
Income tax expense recognised in profit or loss	1,074	952

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### (b) Relationship between income tax expense and profit before tax

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2019 and 31 March 2018 is as follows:

	Group	
	2019 \$'000	2018 \$'000
Profit before tax	5,713	4,812
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,024	909
Adjustments:		
Non-deductible expenses	374	453
Income not subject to taxation	(117)	(224)
Effect of partial tax exemption and tax relief	(35)	(68)
Over provision in respect of previous years	(172)	(118)
Income tax expense recognised in profit or loss	1,074	952

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 2019

## 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 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. There are no dilutive potential ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March 2019 and 31 March 2018:

	Group	
	2019	2018
	\$'000	\$'000
Profit for the year attributable to owners of the Company used in computation of basic and diluted earnings per share	4,338	3,784
	Group	
	2019	2018
	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 2019

## 11. Property, plant and equipment

Group	Freehold land \$'000	Buildings \$'000	Construction in progress \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Renovation \$'000	Electrical fittings \$'000	Furniture \$'000	Computers \$'000	Total \$'000
<b>Cost or deemed cost:</b>										
At 1 April 2017	853	7,333	5,042	12,763	3,348	10,993	3,532	3,805	1,847	49,516
Additions	-	-	2,196	2,956	1,463	1,458	660	432	276	9,441
Reclassification	-	4,547	(7,238)	1,135	-	742	790	24	-	-
Disposals	-	-	-	-	(850)	-	-	-	-	(850)
Written off	-	-	-	(148)	-	(1,141)	(337)	(361)	(24)	(2,011)
Exchange differences	63	42	-	53	1	12	2	2	1	176
At 31 March 2018 and 1 April 2018	916	11,922	-	16,759	3,962	12,064	4,647	3,902	2,100	56,272
Additions	-	-	-	425	389	980	177	372	80	2,423
Disposals	-	-	-	-	(543)	-	-	-	-	(543)
Written off	-	-	-	(403)	-	(896)	(242)	(367)	(27)	(1,935)
Exchange differences	(19)	(13)	-	(13)	(1)	(6)	(1)	(1)	(1)	(55)
At 31 March 2019	897	11,909	-	16,768	3,807	12,142	4,581	3,906	2,152	56,162

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

Group	Freehold land \$'000	Buildings \$'000	Construction in progress \$'000	Machinery and equipment \$'000	Motor vehicles \$'000	Renovation \$'000	Electrical fittings \$'000	Furniture \$'000	Computers \$'000	Total \$'000
<b>Accumulated depreciation</b>										
1 April 2017	-	-	-	7,554	2,216	6,948	1,748	2,395	1,084	21,945
Depreciation charge for the year	-	311	-	1,375	521	1,553	463	494	314	5,031
Disposals	-	-	-	-	(598)	-	-	-	-	(598)
Written off	-	-	-	(128)	-	(894)	(294)	(329)	(21)	(1,666)
At 31 March 2018 and 1 April 2018	-	311	-	8,801	2,139	7,607	1,917	2,560	1,377	24,712
Depreciation charge for the year	-	353	-	1,484	540	1,605	495	516	269	5,262
Disposals	-	-	-	-	(465)	-	-	-	-	(465)
Written off	-	-	-	(391)	-	(829)	(228)	(328)	(24)	(1,800)
At 31 March 2019	-	664	-	9,894	2,214	8,383	2,184	2,748	1,622	27,709
<b>Net carrying amount:</b>										
At 1 April 2017	853	7,333	5,042	5,209	1,132	4,045	1,784	1,410	763	27,571
At 31 March 2018	916	11,611	-	7,958	1,823	4,457	2,730	1,342	723	31,560
At 31 March 2019	897	11,245	-	6,874	1,593	3,759	2,397	1,158	530	28,453

The cash outflow on acquisition of property, plant and equipment amounted to \$2,144,000 (2018: \$8,524,000).

### Assets held under finance leases

During the year, the Group acquired motor vehicles with an aggregate cost of \$310,000 (2018: \$1,260,000) by means of finance leases. The net carrying amount of motor vehicles held under finance leases as at 31 March 2019 was \$1,273,000 (2018: \$1,233,000).

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

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### 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 \$12,142,000 (2018: \$12,527,000) 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:

Location	Tenure	Description
<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

### Impairment testing

During the year, as a result of the losses incurred by the Malaysia geographical segment, management carried out a review of the recoverable amount of the property, plant and equipment located in Malaysia. The recoverable amount of these assets was based on its value in use ("VIU"), which was computed based on pre-tax discount rate of 12.22% (2018: 11%) and long-term growth rate of 2% (2018: 2.44%). Other key assumptions include budgeted revenue and budgeted cost. Based on the outcome of the impairment test, no impairment was recorded for the financial year ended 31 March 2019 and 2018.

The calculations of VIU for these assets are most sensitive to the following assumptions:

Budgeted revenue: Estimated production volumes are based on long-term strategic plan of existing and new products. Production volumes are dependent on a number of variables, such as customers' demand, labour availability and number of products being produced.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### Impairment testing (cont'd)

**Budgeted cost:** Estimated budgeted cost is at approximately 40% (2018: 50%) of budgeted revenue, which is consistent with the Malaysia geographical segment's average gross margin for the respective years.

**Long-term growth rate:** the forecasted long-term growth rate used is based on best estimates of the management and does not exceed the long-term average growth rate of the market relevant to the CGU.

**Pre-tax discount rate:** discount rate calculation is based on the specific circumstances of the Group and derived from its weighted average cost of capital (the "WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on long term borrowing rates in Malaysia.

### Sensitivity to changes in assumptions

With respect to the assessment of VIU for property, plant and equipment located in Malaysia, management believes that reasonably possible changes in any of the key assumptions could cause the carrying value of these assets to materially exceed its recoverable amount.

As at 31 March 2019, the estimated recoverable amount of these assets exceeds its carrying amount. It is estimated that each of the following adverse changes in the key assumptions would lead to impairment of property, plant and equipment located in Malaysia:

	<b>31 March 2019</b>	<b>Group 31 March 2018</b>	<b>1 April 2017</b>
	%	%	%
	<b>Increase/ (decrease)</b>	<b>Increase/ (decrease)</b>	<b>Increase/ (decrease)</b>
Budgeted revenue	(13.59)	(13.03)	(27.41)
Budgeted costs	30.42	12.56	37.86
Long-term growth rate	(2,110.72)	(2,213.73)	(2,535.89)
Pre-tax discount rate	131.32	140.21	161.02

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 12. Intangible assets

Group	Club membership \$'000	Computer software licences \$'000	Total \$'000
<b>Cost</b>			
At 1 April 2017, 31 March 2018 and 1 April 2018	175	633	808
Additions	–	2	2
At 31 March 2019	175	635	810
<b>Accumulated amortisation</b>			
At 1 April 2017	8	448	456
Amortisation during the year	7	56	63
At 31 March 2018 and 1 April 2018	15	504	519
Amortisation during the year	7	56	63
At 31 March 2019	22	560	582
<b>Net carrying amount:</b>			
At 1 April 2017	167	185	352
At 31 March 2018	160	129	289
At 31 March 2019	153	75	228
<b>Average remaining amortisation years</b>			
- 31 March 2018	22	2	
- 31 March 2019	21	1	

### 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.

### Amortisation expense

The amortisation of club membership and computer software licences is included in the "Other expense" line item in Consolidated Statement of Comprehensive Income.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 13. Investment in subsidiaries

	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
Unquoted equity shares, at cost	5,640	5,640	5,640
Impairment losses	–	–	–
	<u>5,640</u>	<u>5,640</u>	<u>5,640</u>

### Composition of the Group

The Group has the following investment in subsidiaries.

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			31 March 2019	31 March 2018	1 April 2017
<i>Held by the Company:</i>					
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	100
Old Chang Kee Australia Pty Ltd <sup>(2)</sup>	Australia	Operation of retail food outlets	100	100	100
Old Chang Kee Manufacturing Sdn. Bhd. <sup>(3)</sup>	Malaysia	Manufacture and distribution of food products	100	100	100

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(2)</sup> Audited by R A Hardwick F CPA, Australia.

<sup>(3)</sup> Audited by G.K. Lye & Co., Malaysia.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 14. Investment in unquoted shares

### (a) Financial instrument as at 31 March 2019

	Group and Company 2019 \$'000
<i>At fair value through profit or loss</i>	
- Equity instrument (unquoted)	234
<b>Net carrying amount</b>	
Non-current	234

In 2019, a fair value loss of \$16,000 was recognised for the unquoted equity instrument.

### (b) Financial instrument as at 31 March 2018 and 1 April 2017

	Group and Company	
	31 March 2018 \$'000	1 April 2017 \$'000
<b>Non-current:</b>		
Available-for-sale financial asset		
- Equity instrument (unquoted), at cost	273	273
Less: Impairment loss	(209)	-
	64	273

For the financial year ended 31 March 2018, the Group recognised an impairment loss of \$209,000 pertaining to the unquoted equity securities carried at cost, reflecting the write-down in the carrying value of this investment in a Singapore company.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 15. Investment in associates and joint venture

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Investment in associates	34	34	34	34	34	34
Impairment losses for investment in associates	(34)	(34)	(34)	(34)	(34)	(34)
Investment in joint venture	160	461	–*	537	537	–*
	<u>160</u>	<u>461</u>	<u>–*</u>	<u>537</u>	<u>537</u>	<u>–*</u>

\* Amount not meaningful

Details of associates and joint venture are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			31 March 2019	31 March 2018	1 April 2017
Old Chang Kee (M) Sdn Bhd <sup>(1)</sup>	Malaysia	Operating retail food outlets and general trading	40	40	40
Old Chang Kee (Thailand) Co. Ltd. <sup>(2)</sup>	Thailand	Dormant	40	40	40
Old Chang Kee UK Limited <sup>(3)</sup>	United Kingdom	Operating retail food outlets	60	60	60

<sup>(1)</sup> Audited by Poo, Lee & Co., Malaysia.

<sup>(2)</sup> Audited by U.B. Audit Office, Thailand.

<sup>(3)</sup> The Group owns 60% equity and economic interest in Old Chang Kee UK Limited ("OCK UK"). The shares held by the Group carry voting rights and rights to dividends as and when declared. The Group and its joint venture partner jointly control OCK UK as decisions about the key activities require unanimous consent of both parties. The shares of OCK UK are held in trust by three directors on behalf of the Group.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 15. Investment in associates and joint venture (cont'd)

### *Investment in associates*

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 \$448,000 (2018: \$411,000) of which \$37,000 (2018: \$44,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group's investment in associates are not individually material.

### *Investment in joint venture*

Information about the Group's joint venture is as follows:

	OCK UK	
	2019 \$'000	2018 \$'000
Income	718	7
Administrative expenses	(55)	(28)
Other operating expenses	(1,165)	(105)
Loss before tax	(502)	(126)
Income tax expense	-	-
Loss after tax, representing total comprehensive income	(502)	(126)

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 16. Amount due from joint venture and amounts due from associates

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
Amount due from joint venture	494	–	–	282	–	–

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

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
Amounts due from associates	1,176	1,056	915	976	987	851
Less: Allowance for impairment	(1,045)	(1,056)	(915)	(976)	(987)	(851)
Net carrying amount	131	–	–	–	–	–
<i>Movements in allowance account:</i>						
At the beginning of the financial year	(1,056)	(915)	(800)	(987)	(851)	(790)
Charge for the year	–	(141)	(115)	–	(136)	(61)
Written back	11	–	–	11	–	–
At the end of the financial year	(1,045)	(1,056)	(915)	(976)	(987)	(851)

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

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 17. Deposits

	<b>31 March 2019 \$'000</b>	<b>Group 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>	<b>31 March 2019 \$'000</b>	<b>Company 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>
Current	756	1,015	1,040	-	-	-
Non-current	2,568	2,434	2,024	-	-	-
	<u>3,324</u>	<u>3,449</u>	<u>3,064</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Deposits are denominated in the following currencies:

	<b>31 March 2019 \$'000</b>	<b>Group 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>	<b>31 March 2019 \$'000</b>	<b>Company 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>
Singapore Dollars	3,281	3,412	3,015	-	-	-
Malaysian Ringgit	43	37	48	-	-	-
Australian Dollars	-	-	1	-	-	-
	<u>3,324</u>	<u>3,449</u>	<u>3,064</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 18. Inventories

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000
<i>Balance sheet:</i>			
Raw materials	971	1,081	610
Sundry consumables	126	111	95
Total inventories at lower of cost and net realisable value	1,097	1,192	705
<i>Consolidated statement of comprehensive income:</i>			
Inventories recognised as an expense in cost of sales (Note 8)	27,396	28,687	

## 19. Trade and other receivables

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
<b>Trade and other receivables (current):</b>						
Trade and other receivables	468	350	303	-	-	-
Less: Allowance for impairment	(132)	(73)	(50)	-	-	-
	336	277	253	-	-	-
Deposits (Note 17)	756	1,015	1,040	-	-	-

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
<b>Other receivables (non-current):</b>						
Deposits (Note 17)	2,568	2,434	2,024	–	–	–
<b>Total trade and other receivables (current and non-current)</b>	3,660	3,726	3,317	–	–	–
<i>Add:</i>						
Amount due from joint venture (Note 16)	494	–	–	282	–	–
Amounts due from associates (Note 16)	131	–	–	–	–	–
Amounts due from subsidiaries (Note 20)	–	–	–	7,198	8,109	7,720
Cash and bank balances (Note 21)	15,447	12,787	15,555	4,999	3,324	5,557
<b>Total financial assets carried at amortised cost</b>	<b>19,732</b>	<b>16,513</b>	<b>18,872</b>	<b>12,479</b>	<b>11,433</b>	<b>13,277</b>

### 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.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### Trade receivables (cont'd)

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follow:

	Group	
	31 March 2018	1 April 2017
	\$'000	\$'000
Movements in allowance account:		
At the beginning of the financial year	(50)	(50)
Charge for the year	(23)	-
At the end of the financial year	<u>(73)</u>	<u>(50)</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$165,000 as at 31 March 2018 and \$142,000 as at 1 April 2017 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:

	Group	
	31 March 2018 \$'000	1 April 2017 \$'000
Trade receivables past due but not impaired:		
Less than 30 days	32	21
31 to 60 days	15	31
61 to 90 days	13	17
More than 90 days	105	73
	165	142

### Expected credit losses

The movement in allowance for expected credit losses of trade and other receivables computed based on lifetime ECL are as follows:

	Trade and other receivables 2019 \$'000
Movement in allowance accounts:	
At 1 April 2018	(73)
Charge for the year	(59)
At 31 March 2019	(132)

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 20. Amounts due from subsidiaries

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

## 21. Cash and bank balances

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Cash on hand	80	77	65	–	–	–
Cash at banks	11,741	10,607	10,868	4,999	3,324	5,557
Short-term deposits	3,626	2,103	4,622	–	–	–
	<u>15,447</u>	<u>12,787</u>	<u>15,555</u>	<u>4,999</u>	<u>3,324</u>	<u>5,557</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 two to three months 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 and cash at banks is 0.42% (2018: 0.38%) per annum.

Cash and bank balances are denominated in the following currencies:

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Singapore Dollars	15,302	12,648	15,407	4,999	3,324	5,557
Malaysian Ringgit	96	78	114	–	–	–
Australian Dollars	49	61	34	–	–	–
	<u>15,447</u>	<u>12,787</u>	<u>15,555</u>	<u>4,999</u>	<u>3,324</u>	<u>5,557</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 22. Trade and other payables

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
Trade payables	3,554	4,151	5,382	–	–	–
Accruals	2,998	2,684	2,763	1,777	1,600	1,746
Sundry creditors	588	1,021	96	66	83	88
Contract liabilities	351	35	11	–	–	–
Trade and other payables	7,491	7,891	8,252	1,843	1,683	1,834
Add:						
- Other liabilities (Note 23)	176	170	170	–	–	–
- Bank loans (Note 25)	9,178	10,609	10,262	–	–	–
- Finance lease liabilities (Note 30(c))	648	672	277	–	–	–
Less:						
GST payable	(624)	(645)	(463)	(66)	(83)	(79)
Contract liabilities	(351)	(35)	(11)	–	–	–
Total financial liabilities carried at amortised cost	16,518	18,662	18,487	1,777	1,600	1,755

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

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 22. Trade and other payables (cont'd)

Trade payables are denominated in the following currencies:

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Singapore Dollars	2,991	3,598	4,697	–	–	–
Thai Baht	498	495	418	–	–	–
Japanese Yen	–	–	235	–	–	–
Australian Dollars	15	12	18	–	–	–
Malaysian Ringgit	50	46	14	–	–	–
	<u>3,554</u>	<u>4,151</u>	<u>5,382</u>	<u>–</u>	<u>–</u>	<u>–</u>

## 23. Other liabilities

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Foreign staff deposits	<u>176</u>	<u>170</u>	<u>170</u>	<u>–</u>	<u>–</u>	<u>–</u>



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 24. Provisions

	Provision for unconsumed leave (i)			Provision for reinstatement costs (ii)			Total		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
<b>Group</b>									
At the beginning of the financial year	364	373	325	2,034	1,912	1,724	2,398	2,285	2,049
Provided during the year	497	463	436	79	271	244	576	734	680
Utilised during the year	(435)	(450)	(352)	(20)	(70)	(14)	(455)	(520)	(366)
Unused amounts reversed during the year	(17)	(22)	(36)	(112)	(79)	(42)	(129)	(101)	(78)
At the end of the financial year	<u>409</u>	<u>364</u>	<u>373</u>	<u>1,981</u>	<u>2,034</u>	<u>1,912</u>	<u>2,390</u>	<u>2,398</u>	<u>2,285</u>
<b>Company</b>									
At the beginning of the financial year	41	32	33	–	–	–	41	32	33
Provided during the year	9	37	39	–	–	–	9	37	39
Utilised during the year	(6)	(28)	(16)	–	–	–	(6)	(28)	(16)
Unused amounts reversed during the year	–	–	(24)	–	–	–	–	–	(24)
	<u>44</u>	<u>41</u>	<u>32</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>44</u>	<u>41</u>	<u>32</u>

### (i) Provision for unconsumed leave

Provision for unconsumed leave of the Group and the Company of \$409,000 (31 March 2018: \$364,000, 1 April 2017: \$373,000) and \$44,000 (31 March 2018: \$41,000, 1 April 2017: \$32,000) 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 24. Provisions (cont'd)

### (ii) Provision for reinstatement costs

Provision for reinstatement costs of \$1,981,000 (31 March 2018: \$2,034,000, 1 April 2017: \$1,912,000) 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.

## 25. Bank loans

	Group			Company		
	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	31 March 2018 \$'000	1 April 2017 \$'000
Current	1,430	1,430	4,230	–	–	–
Non-current	7,748	9,179	6,032	–	–	–
	<u>9,178</u>	<u>10,609</u>	<u>10,262</u>	<u>–</u>	<u>–</u>	<u>–</u>
Bank loans:						
Loan 1	1,288	1,624	1,960	–	–	–
Loan 2	376	464	553	–	–	–
Loan 3	3,423	3,944	4,463	–	–	–
Loan 4	–	–	3,286	–	–	–
Loan 5	4,091	4,577	–	–	–	–
	<u>9,178</u>	<u>10,609</u>	<u>10,262</u>	<u>–</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 120 monthly installments from February 2013 and a final installment on 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 120 monthly installments from February 2014 and a final installment on January 2024.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 25. Bank loans (cont'd)

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 120 monthly installments from October 2015 and a final installment on September 2025.

Loan 4: The loan bore interest rate at 1.75% per annum above the bank's prevailing cost of funds. This construction 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 was converted on 31 July 2017 to Loan 5.

Loan 5: On the maturity date of Loan 4, the Group fulfilled the conditions precedent and converted Loan 4 on the final maturity date. Upon conversion, the loan bears interest rate at 1.75% per annum above the bank's prevailing cost of funds. This construction 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 120 monthly installments from September 2017 and a final installment on August 2027.

	2018		Non-cash changes	2019
	\$'000	Cash flows \$'000	Other \$'000	\$'000
Bank loans				
- current	1,430	(1,431)	1,431	1,430
- non-current	9,179	-	(1,431)	7,748
	10,609	(1,431)	-	9,178
	1 April 2017		Non-cash changes	2018
	\$'000	Cash flows \$'000	Other \$'000	\$'000
Bank loans				
- current	4,230	(5,603)	2,803	1,430
- non-current	6,032	5,950	(2,803)	9,179
	10,262	347	-	10,609

The 'other' column relates to reclassification of non-current portion of the bank loans due to passage of time.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 26. Finance lease liabilities

Finance lease liabilities are secured by a charge over the leased assets (Note 11). The average discount rate implicit in the leases ranges from 4.0% to 5.0% (2018: 3.6% to 4.5%) per annum.

	2018		Non-cash changes		2019
		Cash flows	Acquisition	Other	
	\$'000	\$'000		\$'000	\$'000
Finance lease liabilities					
- current	166	(224)	67	137	146
- non-current	506	-	133	(137)	502
	<u>672</u>	<u>(224)</u>	<u>200</u>	<u>-</u>	<u>648</u>
	1 April 2017		Non-cash changes		2018
		Cash flows	Acquisition	Other	
	\$'000	\$'000		\$'000	\$'000
Finance lease liabilities					
- current	117	(251)	159	141	166
- non-current	506	-	487	(141)	506
	<u>277</u>	<u>(251)</u>	<u>646</u>	<u>-</u>	<u>672</u>

The 'other' column relates to reclassification of non-current portion of the finance lease liabilities due to passage of time.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 27. Deferred tax liabilities

	31 March 2019 \$'000	Group 31 March 2018 \$'000	1 April 2017 \$'000	31 March 2019 \$'000	Company 31 March 2018 \$'000	1 April 2017 \$'000
At the beginning of the financial year	1,336	963	1,662	-	-	-
Origination and reversal of temporary differences	(80)	373	(364)	-	-	-
Deferred tax on revaluation of freehold land and buildings	-	-	(335)	-	-	-
At the end of the financial year	<u>1,256</u>	<u>1,336</u>	<u>963</u>	<u>-</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	(1,318)	(1,391)	(1,341)	-	-	-
Deferred tax on revaluation of freehold land and buildings	-	-	335	-	-	-
	<u>(1,318)</u>	<u>(1,391)</u>	<u>(1,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred tax assets:</i>						
Provisions	62	55	43	-	-	-
Net deferred tax liabilities	<u>(1,256)</u>	<u>(1,336)</u>	<u>(963)</u>	<u>-</u>	<u>-</u>	<u>-</u>



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 28. Share capital

	Group and Company					
	31 March 2019		31 March 2018		1 April 2017	
	No. of ordinary shares	\$'000	No. of ordinary shares	\$'000	No. of ordinary shares	\$'000
<b>Ordinary shares issued and fully paid</b>						
At the beginning and end of the financial year	121,374,700	13,964	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

### 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.

## 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		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital commitments in respect of property, plant and equipment	195	97	1,857	–	–	–

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

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

The Group has non-cancellable operating lease agreements in respect of equipment, land, 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.

	<b>31 March 2019 \$'000</b>	<b>Group 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>	<b>31 March 2019 \$'000</b>	<b>Company 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>
Minimum lease payments under operating leases recognised as an expense	14,057	12,953	11,740	-	-	-

Included in minimum lease payment is an amount of \$2,267,000 (31 March 2018: \$1,817,000, 1 April 2017: \$1,820,000) pertaining to contingent rental incurred during the financial year.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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:

	<b>31 March 2019 \$'000</b>	<b>Group 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>	<b>31 March 2019 \$'000</b>	<b>Company 31 March 2018 \$'000</b>	<b>1 April 2017 \$'000</b>
Not later than one year	11,500	11,289	9,431	-	-	-
Later than one year but not later than five years	11,785	11,883	11,653	-	-	-
Later than five years	2,637	2,733	2,919	-	-	-
	<u>25,922</u>	<u>25,905</u>	<u>24,003</u>	<u>-</u>	<u>-</u>	<u>-</u>

Included in future minimum rental payables due in not later than one year is an amount of \$82,000 (31 March 2018: \$82,000, 1 April 2017: \$84,000) pertaining to a rental agreement entered with a related party.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### (c) Finance lease commitments

The Group has finance leases for certain motor vehicles. These leases have remaining terms ranging from 3 to 7 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.

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

	31 March 2019		31 March 2018		1 April 2017	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not later than one year	174	146	195	166	125	117
Later than one year but not later than five years	511	472	546	503	164	160
Later than five years	31	30	3	3	–	–
Total minimum lease payments	716	648	744	672	289	277
Less: Amounts representing finance charges	(68)	–	(72)	–	(12)	–
Present value of minimum lease payments	648	648	672	672	277	277

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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.

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 year:

	Group	
	2019	2018
	\$'000	\$'000
Rental expense paid to director-related company, related party and director	(135)	(140)
Advisory services fee and other professional fees paid to related party and director-related firm	(182)	(143)
<i>Compensation of key management personnel</i>		
Short-term employee benefits	3,850	3,620
Central Provident Fund contributions	56	52
Total compensation paid to key management personnel	3,906	3,672
<i>Comprise amounts paid to:</i>		
- Directors of the Company	3,678	3,474
- Other key management personnel	228	198
	3,906	3,672

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 2019

## 32. Fair value of assets and liabilities

### (a) Fair value hierarchy

The Group categorises 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:

	Group 2019			
	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>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Equity instrument at fair value through profit or loss (Note 14)				
Unquoted shares	–	–	234	234
Financial assets as at 31 March 2019	–	–	234	234

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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 2019 \$'000	Valuation techniques	Unobservable inputs	Range (Weighted average)
<b>At fair value through profit or loss</b>				
Unquoted shares	234	Discounted cash flow	Expected sales growth	3% - 5%
			Weight average cost of capital	8.7%
			Terminal growth rate	2%

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

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

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

##### Impact of a change in the inputs to the fair value

For unquoted shares, a significant increase (decrease) in the expected weighted average cost of capital would result in a significantly lower (higher) fair value measurement. A significant increase (decrease) in expected sales growth and terminal growth rate of the investment would result in a significantly higher (lower) fair value measurement.

	Group Fair value measurement using significant Unobservable inputs (Level 3) 2018 \$'000
Unquoted shares:	
Opening balance 1 April 2018	64
SFRS (I) 9 adjustment	186
Opening balance (restated)	250
Total gains or losses for the period included in other expenses under fair value adjustment of unquoted shares	(16)
	<u>234</u>

# Notes to the Financial Statements



For the Financial Year Ended 31 March 2019

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

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

#### (ii) Valuation policies and procedures

The Chief Financial Officer (“CFO”), who is assisted by the finance manager and senior 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 with sufficient regularity. 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 SFRS(I) 13 fair value measurement guidance.

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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### (d) 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			
	31 March 2018 \$'000		1 April 2017 \$'000		31 March 2018 \$'000		1 April 2017 \$'000	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>								
Available-for-sale financial assets								
- Investment in unquoted shares	64	*	273	*	64	*	273	*

\* 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.

## 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 CFO. 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.



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### (a) Credit risk (cont'd)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

#### Trade and other receivables

The Group provides for lifetime expected credit losses for all trade and other receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade and receivables using provision matrix, grouped by geographical region:

Singapore

31 March 2019	Current \$'000	Less than 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	More than 90 days \$'000	Total \$'000
Gross carrying amount	34	231	40	6	157	468
Loss allowance provision	–	–	–	–	(132)	(132)

There are no loss allowance recognised for other geographical areas.

Information regarding loss allowance movement of trade and other receivables and amount due from related companies balances are disclosed in Note 16, 19 and 20.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### (a) Credit risk (cont'd)

#### Exposure to credit risk

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.

#### Credit risk concentration profile

- At the end of the reporting period, 100% (2018: 98%) of the Group's trade receivables were due from customers located in Singapore.
- At the end of the reporting period, approximately 99% (2018: 99%) of cash and bank balances were placed with financial institutions located in Singapore.

#### Financial assets that are neither past due nor impaired

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.

#### Financial assets that are either past due or impaired

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

### (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 2019, the Group had total bank and finance lease facilities of \$16.9 million (31 March 2018: \$17.0 million, 1 April 2017: \$18.1 million) of which \$13.0 million (31 March 2018: \$12.7 million, 1 April 2017: \$13.0 million) were utilised and the balance of \$3.9 million (31 March 2018: \$4.3 million, 1 April 2017: \$5.1 million) 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

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

#### Analysis of financial instruments by remaining contractual maturities

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>31 March 2019</b>				
<b>Financial assets:</b>				
Trade and other receivables	336	–	–	336
Amount due from joint venture	494	–	–	494
Amounts due from associates	131	–	–	131
Deposits	756	2,434	–	3,190
Cash and bank balances	15,447	–	–	15,447
Investment in unquoted shares	–	–	234	234
Total undiscounted financial assets	17,164	2,434	234	19,832
<b>Financial liabilities:</b>				
Trade and other payables	6,516	–	–	6,516
Other liabilities	176	–	–	176
Finance lease liabilities	174	511	31	716
Bank loan	1,647	7,533	841	10,021
Total undiscounted financial liabilities	8,513	8,044	872	17,429
Total net undiscounted financial assets/(liabilities)	8,651	(5,610)	(638)	2,403

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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>31 March 2018</b>				
<b>Financial assets:</b>				
Trade and other receivables	277	–	–	277
Deposits	1,015	2,434	–	3,449
Cash and bank balances	12,787	–	–	12,787
Investment in unquoted shares	–	–	64	64
Total undiscounted financial assets	14,079	2,434	64	16,577
<b>Financial liabilities:</b>				
Trade and other payables	7,211	–	–	7,211
Other liabilities	170	–	–	170
Finance lease liabilities	195	546	3	744
Bank loan	1,682	6,325	3,696	11,703
Total undiscounted financial liabilities	9,258	6,871	3,699	19,828
Total net undiscounted financial assets/(liabilities)	4,821	(4,437)	(3,635)	(3,251)



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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>1 April 2017</b>				
<b>Financial assets:</b>				
Trade and other receivables	253	–	–	253
Deposits	1,040	2,024	–	3,064
Cash and bank balances	15,555	–	–	15,555
Investment in unquoted shares	–	–	273	273
Total undiscounted financial assets	<u>16,848</u>	<u>2,024</u>	<u>273</u>	<u>19,145</u>
<b>Financial liabilities:</b>				
Trade and other payables	7,778	–	–	7,778
Other liabilities	170	–	–	170
Finance lease liabilities	125	164	–	289
Bank loan	4,388	4,128	2,337	10,853
Total undiscounted financial liabilities	<u>12,461</u>	<u>4,292</u>	<u>2,337</u>	<u>19,090</u>
Total net undiscounted financial assets/ (liabilities)	<u>4,387</u>	<u>(2,268)</u>	<u>(2,064)</u>	<u>55</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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>31 March 2019</b>				
<b>Financial assets:</b>				
Amount due from joint venture	282	–	–	282
Amounts due from subsidiaries	7,198	–	–	7,198
Cash and bank balances	4,999	–	–	4,999
Investment in unquoted shares	–	–	234	234
Total undiscounted financial assets	12,479	–	234	12,713
<b>Financial liabilities:</b>				
Trade and other payables	1,777	–	–	1,777
Total undiscounted financial liabilities	1,777	–	–	1,777
Total net undiscounted financial assets	10,702	–	234	10,936

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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>31 March 2018</b>				
<b>Financial assets:</b>				
Amounts due from subsidiaries	8,109	-	-	8,109
Cash and bank balances	3,324	-	-	3,324
Investment in unquoted shares	-	-	64	64
Total undiscounted financial assets	<u>11,433</u>	<u>-</u>	<u>64</u>	<u>11,497</u>
<b>Financial liabilities:</b>				
Trade and other payables	1,600	-	-	1,600
Total undiscounted financial liabilities	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>
Total net undiscounted financial assets	<u>9,833</u>	<u>-</u>	<u>64</u>	<u>9,897</u>

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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>1 April 2017</b>				
<b>Financial assets:</b>				
Amounts due from subsidiaries	7,720	–	–	7,720
Cash and bank balances	5,557	–	–	5,557
Available-for-sale financial assets	–	–	273	273
Total undiscounted financial assets	<u>13,277</u>	<u>–</u>	<u>273</u>	<u>13,550</u>
<b>Financial liabilities:</b>				
Trade and other payables	1,755	–	–	1,755
Total undiscounted financial liabilities	<u>1,755</u>	<u>–</u>	<u>–</u>	<u>1,755</u>
Total net undiscounted financial assets	<u>11,522</u>	<u>–</u>	<u>273</u>	<u>11,795</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 Group and Company obtain financing through bank loans and finance lease facilities. The Group's and 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 (2018: less than 6 months) from the end of the reporting period.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 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>31 March 2019</b>								
<b>Fixed rate</b>								
Short-term deposits	21	3,626	-	-	-	-	-	3,626
Obligations under finance leases	30(c)	(146)	(154)	(162)	(128)	(28)	(30)	(648)
<b>Floating rate</b>								
Cash at banks	21	11,741	-	-	-	-	-	11,741
Bank loans	25	(1,430)	(1,430)	(1,430)	(1,374)	(2,691)	(823)	(9,178)
<b>31 March 2018</b>								
<b>Fixed rate</b>								
Short-term deposits	21	2,103	-	-	-	-	-	2,103
Obligations under finance leases	30(c)	(166)	(141)	(129)	(136)	(97)	(3)	(672)
<b>Floating rate</b>								
Cash at banks	21	10,607	-	-	-	-	-	10,607
Bank loans	25	(1,430)	(1,430)	(1,430)	(1,430)	(1,374)	(3,515)	(10,609)



# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

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

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>1 April 2017</b>								
<b>Fixed rate</b>								
Short-term deposits	21	4,622	-	-	-	-	-	4,622
Obligations under finance leases	30(c)	(117)	(114)	(46)	-	-	-	(277)
<b>Floating rate</b>								
Cash at banks	21	10,868	-	-	-	-	-	10,868
Bank loans	25	(4,230)	(944)	(944)	(944)	(944)	(2,256)	(10,262)

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.

#### *Sensitivity analysis*

At the end of the reporting period, if interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's profit would have been \$26,000 (2018: \$20) 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

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

### (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 currency in which these transactions are denominated are mainly Thai Baht ("THB"). Approximately 21% (2018: 20%) 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 for foreign currency risk

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

		Group	
		2019 \$'000	2018 \$'000
THB	- strengthened 5% (2018: 5%)	(25)	(25)
	- weakened 5% (2018: 5%)	25	25

## 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 2019 and 31 March 2018.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 34. Capital management (cont'd)

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, provisions, bank loans, finance lease liabilities, less cash and bank balances. Capital includes equity attributable to equity holders of the Group.

		Group	
	Note	2019 \$'000	2018 \$'000
Net debt:			
Trade and other payables	22	7,491	7,891
Other liabilities	23	176	170
Provisions	24	2,390	2,398
Bank loans	25	9,178	10,609
Finance lease liabilities	30(c)	648	672
Less: Cash and bank balances	21	(15,447)	(12,787)
		4,436	8,953
Capital:			
Equity attributable to the equity holders of the Company		28,457	27,498
Capital and net debt		32,893	36,451
Gearing ratio		13%	25%

## 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.

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 35. Segment information (cont'd)

### Geographical segments

The following table presents revenue and results information regarding the Group's business segments for the financial year ended 31 March 2019, 31 March 2018 and 1 April 2017.

31 March 2019	Singapore \$'000	Australia \$'000	Malaysia \$'000	Elimination \$'000	Total \$'000
<b>Revenue:</b>					
Sales	89,451	324	873	(859)	89,789
<b>Results:</b>					
Segment results	11,450	(189)	25	(9)	11,277
Gain on disposal of property, plant and equipment	106	-	-	-	106
Fair value adjustment for investment in unquoted shares	(16)	-	-	-	(16)
Depreciation	(4,987)	(22)	(253)	-	(5,262)
Amortisation	(62)	-	(1)	-	(63)
Finance costs	(316)	-	(13)	-	(329)
Profit/(loss) before tax and share of results of joint venture	6,175	(211)	(242)	(9)	5,713
Share of results of joint venture					(301)
Income tax expense					(1,074)
Profit for the year					4,338
<b>Other segment information:</b>					
Segment assets	48,431	134	2,381	(29)	50,917
<b>Capital expenditure</b>					
- Tangible assets	26,220	55	2,178	-	28,453
- Intangible assets	226	-	2	-	228

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 35. Segment information (cont'd)

31 March 2018	Singapore \$'000	Australia \$'000	Malaysia \$'000	Elimination \$'000	Total \$'000
<b>Revenue:</b>					
Sales	85,071	432	662	(678)	85,487
<b>Results:</b>					
Segment results	10,340	(164)	38	13	10,227
Impairment for investment in unquoted shares	(209)	-	-	-	(209)
Gain on disposal of property, plant and equipment	179	-	-	-	179
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 venture	5,209	(186)	(224)	13	4,812
Share of results of joint venture					(76)
Income tax expense					(952)
Profit for the year					3,784
<b>Other segment information:</b>					
Segment assets	48,368	171	2,752	(20)	51,271
<b>Capital expenditure</b>					
- Tangible assets	29,005	78	2,477	-	31,560
- Intangible assets	286	-	3	-	289

# Notes to the Financial Statements

For the Financial Year Ended 31 March 2019

## 35. Segment information (cont'd)

1 April 2017

	Singapore \$'000	Australia \$'000	Malaysia \$'000	Elimination \$'000	Total \$'000
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

## 36. Dividends

Group and Company		
2019 \$'000	2018 \$'000	
<b>Declared and paid during the financial year:</b>		
Dividends on ordinary shares:		
■ Final exempt (one-tier) dividend for 2018: \$0.015 (2017: \$0.015) per share	1,821	1,821
■ Interim exempt (one-tier) dividend for 2019: \$0.015 (2018: \$0.015) per share	1,820	1,820
	<u>3,641</u>	<u>3,641</u>
<b>Proposed but not recognised as a liability as at 31 March 2019:</b>		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
■ Final exempt (one-tier) dividend for 2019: \$0.015 (2018: \$0.015) per share	1,821	1,821
	<u>1,821</u>	<u>1,821</u>

## 37. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 25 June 2019.



# Statistics of Shareholdings

AS At 24 June 2019

## Share Capital

Issued and fully paid-up capital	:	S\$13,964,000
Number of issued shares	:	121,374,700
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Treasury shares	:	Nil
Subsidiary holdings	:	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	–	–	14,198,000 <sup>(3)</sup>	11.70
Ng Chee Tat Philip	–	–	14,198,000 <sup>(3)</sup>	11.70
Ng Chee Siong	–	–	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, Ng Chee Tat Philip and Ng Chee Siong are deemed to have an interest in the shares held by Goodview Properties Pte Ltd.

# Statistics of Shareholdings

AS At 24 June 2019

## Public Float

Based on the information available and to the best knowledge of the Company as at 24 June 2019, 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	156	13.81	1,795	0.00
100 - 1,000	248	21.95	192,615	0.16
1,001 - 10,000	476	42.12	2,409,320	1.99
10,001 - 1,000,000	244	21.59	14,292,970	11.78
1,000,001 AND ABOVE	6	0.53	104,478,000	86.07
<b>TOTAL</b>	<b>1,130</b>	<b>100.00</b>	<b>121,374,700</b>	<b>100.00</b>

# Statistics of Shareholdings

As At 24 June 2019

## 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	10,000,000	8.24
4	LIM TAO-E WILLIAM	8,892,000	7.33
5	NG CHOI HONG	8,892,000	7.33
6	CHEW THYE CHUAN OR TAN SEW MAI	1,360,000	1.12
7	CYL INVESTMENTS LIMITED	921,500	0.76
8	CHAN WENG CHIH MATTHEW (CHEN RONGZHI MATTHEW)	748,100	0.62
9	DBS NOMINEES (PRIVATE) LIMITED	637,260	0.53
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	548,112	0.45
11	PHILLIP SECURITIES PTE LTD	417,840	0.34
12	EST OF LIM ADAM @ ADAM BIN IBRAHIM, DEC'D	416,000	0.34
13	JAMES ALVIN LOW YIEW HOCK	410,000	0.34
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	400,200	0.33
15	CITIBANK NOMINEES SINGAPORE PTE LTD	355,200	0.29
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	345,042	0.28
17	SEAH WEE LIUM (XIE WEINIAN)	260,000	0.21
18	ONG CHING PING MRS CHING PING COATES	252,500	0.21
19	RAFFLES NOMINEES (PTE.) LIMITED	241,200	0.20
20	OCBC SECURITIES PRIVATE LIMITED	227,918	0.19
	<b>TOTAL</b>	<b>110,658,872</b>	<b>91.18</b>

# Notice of Annual General Meeting

## **OLD CHANG KEE LTD.**

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

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM”) of Old Chang Kee Ltd. (the “Company”) will be held at OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1, on Thursday, 25 July 2019 at 2.00 p.m. to transact the following businesses:

### **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 2019 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax-exempt (one-tier) dividend of 1.5 Singapore cents per ordinary share for the financial year ended 31 March 2019 (FY2018: 1.5 Singapore cents per ordinary share). **[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 2020, payable quarterly in arrears (FY2019: S\$164,000). **[See Explanatory Note (ii)]**  
**(Resolution 3)**
4. To note the retirement of Mr Ong Chin Lin, a Director retiring under Regulation 96 of the Constitution of the Company and who has decided not to seek re-appointment. **[See Explanatory Note (iii)]**
5. To note the retirement of Mr Zainudin Bin Nordin, a Director retiring under Regulation 96 of the Constitution of the Company and who has decided not to seek re-appointment. **[See Explanatory Note (iv)]**
6. To approve the appointment of Mr Tan Han Beng as a Director of the Company under Regulation 94 of the Constitution of the Company. **[See Explanatory Note (v)]**  
**(Resolution 4)**
7. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
8. 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 BUY-BACK MANDATE

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

9. 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 (“**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 through 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 an approved exchange in Singapore or any securities exchange outside Singapore) in accordance with an equal access scheme 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 the Catalist Rules 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 Buy-back 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 Buy-back 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 6 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 Buy-back(s) are carried out to the full extent mandated; or
  - (iii) 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;

# Notice of Annual General Meeting

(c) in this Resolution 6:

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

**“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 20% (previously 25% pursuant to the Share Buy-back Mandate renewed at the Company’s annual general meeting held on 26 July 2018) 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;

**“Prescribed Limit”** means 10% of the total number of issued ordinary shares of the Company as at the date of passing of this Resolution 6 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 ordinary shares of the Company shall be taken to be the total number of ordinary shares of the Company as altered. Shares which are held by the Company as treasury shares and subsidiary holdings will be disregarded for the purposes of calculating this 10% limit;

**“Relevant Period”** means the period commencing from the date on which this Resolution 6 in relation to the renewal of the Share Buy-back Mandate is passed and expiring on the earliest of (i) the date on which the next annual general meeting is held or is required by law to be held; (ii) the date on which the Share Buy-backs are carried out to the full extent mandated; or (iii) the date the Share Buy-back Mandate is revoked or varied by the Company in a general meeting, after this Resolution 6 is passed; and

**“subsidiary holdings”** has the meaning given to it in the Catalist Rules; 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 Buy-back Mandate.

**[See Explanatory Note (vi)]  
(Resolution 6)**



# 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:

10. 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;
  - (b) issue Shares (in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution 7 was in force), provided that:-
    - (i) the aggregate number of Shares to be issued pursuant to this Resolution 7 does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution 7 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 7 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 7, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist 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 7 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; and
- (c) in this Resolution 7, “**subsidiary holdings**” has the meaning given to it in the Catalist Rules. **[See Explanatory Note (vii)]**  
**(Resolution 7)**

By Order of the Board

Adrian Chan Pengee  
Company Secretary  
Singapore

10 July 2019

## **Explanatory Notes:**

- (i) The proposed final tax-exempt (one-tier) dividend of 1.5 Singapore cents per ordinary share comprises an ordinary dividend of 1.5 Singapore cents per ordinary share for the financial year ended 31 March 2019.
- (ii) Directors’ fees are for the forthcoming financial year from 1 April 2019 to 31 March 2020, payable quarterly in arrears.
- (iii) Item 4 above is to note the retirement of Mr Ong Chin Lin, who has decided to retire as Director of the Company at the conclusion of this Annual General Meeting. Mr Ong Chin Lin will cease to be Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee upon his retirement from office.
- (iv) Item 5 above is to note the retirement of Mr Zainudin Bin Nordin, who has decided to retire as Director of the Company at the conclusion of this Annual General Meeting. Mr Zainudin Bin Nordin will cease to be Chairman of the Remuneration Committee, and a member of the Nominating Committee and Audit Committee upon his retirement from office.

# Notice of Annual General Meeting

- (v) Mr Tan Han Beng, if appointed as a Director of the Company, will be the Lead Independent Director of the Company and will also be appointed as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. The Board considers Mr Tan Han Beng to be independent for the purpose of Rule 704(7) of the Catalyst Rules. Mr Tan Han Beng does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Tan Han Beng, including information as required under Appendix 7F of the Catalyst Rules can be found under the sections entitled "Board of Directors" and "Corporate Governance" of the Annual Report 2019.
- (vi) The ordinary resolution proposed in item 9 above relates to the renewal of a mandate approved by shareholders of the Company at the annual general meeting of the Company held on 26 July 2018, 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 10% of the total number of ordinary shares (excluding treasury shares and subsidiary holdings) of the Company at prices up to but not exceeding the Maximum Price. The rationale for the Share Buy-back Mandate, the authority and limitation on the purchase or acquisition of Shares under the Share Buy-back 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 Buy-back Mandate are set out in greater detail in the Addendum to shareholders of the Company.
- (vii) The ordinary resolution proposed in item 10 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 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (including Shares to be issued in pursuance of any Instrument made or granted while this Resolution 7 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 7 was in force) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by Resolution 7, for such purposes as the Directors may consider to be in the interests of the Company.

## 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 the AGM 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 AGM, 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;

# Notice of Annual General Meeting

- (ii) a person holding a capital markets services 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 Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the above AGM.
- (4) 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 seventy-two (72) hours before the time set for the AGM.
- (5) All resolutions put to vote at the AGM shall be decided by way of poll.

## **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 10 JULY 2019**

**THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

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 2019 (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 25 July 2019 at 2.00 p.m. at OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1 (the “**AGM**”).

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

Your attention is drawn to page 201 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. (“**Sponsor**”), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.

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

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).



**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**

## 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 at 2.00 p.m. on 25 July 2019
“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 Catalist Rules
“Board of Directors” or “Director(s)”	:	The board of directors of the Company as at the Latest Practicable Date
“CDP”	:	The Central Depository (Pte) Limited
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
“cents”	:	Singapore cents
“Company”	:	Old Chang Kee Ltd.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Constitution”	:	The Constitution of the Company



# Addendum

“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"><li>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or</li><li>(b) in fact exercises control over a company</li></ul>
“Council”	:	The Securities Industry Council
“EPS”	:	Earnings per Share
“Group”	:	The Company and its Subsidiaries
“Latest Practicable Date”	:	28 June 2019, being the latest practicable date prior to the printing of this Addendum
“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 on which the resolution in relation to the renewal of the Share Buy-back Mandate is passed and expiring on the earliest of (i) the date on which the next annual general meeting is held or is required by law to be held; (ii) the date on which the Share Buy-backs are carried out to the full extent mandated; or (iii) the date the Share Buy-back Mandate is revoked or varied by the Company in a general meeting, after the said resolution is passed

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“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“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
“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
<b>Currencies and others</b>		
“S\$”	:	Singapore dollars
“%”	:	Per centum or percentage

# Addendum

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively by Section 81SF of the SFA. The term “treasury shares” shall have the meaning ascribed to it in Section 4 of the Companies Act. The term “subsidiary holdings” shall have the meaning ascribed to it in the Catalist Rules, and is defined in the Catalist Rules to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) 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 Companies Act or the SFA or the Catalist Rules or any statutory or regulatory modification thereof and used in this Addendum shall where applicable have the same meaning ascribed to it under the Companies Act or the SFA or the Catalist Rules or such statutory or regulatory 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, unless otherwise stated.



## **OLD CHANG KEE LTD.**

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

### **LETTER TO SHAREHOLDERS**

#### **Board of Directors**

Han Keen Juan (Executive Chairman)  
Lim Tao-E William (Executive Director and Chief Executive Officer)  
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)

#### **Registered Office**

2 Woodlands Terrace  
Singapore 738427

**10 July 2019**

To: The Shareholders of Old Chang Kee Ltd.

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

Dear Shareholders,

#### **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.

# Addendum

The Share Buy-back Mandate was renewed at the Company's previous annual general meeting held on 26 July 2018 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 25 July 2019.

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 Catalyst Rules, 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 10 July 2019 issued a notice convening the AGM, and the proposed Resolution 6 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 OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1 on 25 July 2019 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.

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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.

## 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 issued shares as at the date of the annual general meeting at which the Share Buy-back Mandate is approved (the “**Approval Date**”) 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 total number of Shares as altered. Shares which are held by the Company as treasury shares and subsidiary holdings will be disregarded for the purposes of calculating this 10% limit. As at the Latest Practicable Date, the Company had no treasury shares and subsidiary holdings, and the Shares, being the ordinary shares in the capital of the Company, were the only class of shares issued by the Company.

For illustrative purposes only, based on the existing issued and paid-up capital of the Company of S\$13,964,000 comprising 121,374,700 Shares (excluding treasury shares and subsidiary holdings) 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 approximately 10% of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings 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



# Addendum

- (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;

## 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 an approved exchange in Singapore or any securities exchange outside Singapore) 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 Catalyst Rules.

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 the offers relate to Shares with different accrued dividend entitlements;
  - (ii) (if applicable) differences in consideration attributable to the fact that the 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 Catalyst Rules provide 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;

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- (b) the period and procedures for acceptances;
- (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 Catalist Rules 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 20% (previously 25% pursuant to the Share Buy-back Mandate renewed at the Company's annual general meeting held on 26 July 2018) 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,

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

For the purposes of (b) above:-

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“**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.

### **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.

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## 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 Catalist Rules, 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;
- (iv) number of treasury 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.

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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 the Company is solvent. In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimations of assets or liabilities that are reasonable in the circumstances. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any claims the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if at the date of the payment the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if,
  - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the Company 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
- (c) 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.

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;

# Addendum

- (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 2019, 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 2018 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) Borrowings of S\$1,041,000 by the Company from its wholly-owned subsidiaries in connection with the purchase or acquisition of Shares by the Company;
- (d) the acquisition of Shares pursuant to the Share Buy-back Mandate had taken place on 31 March 2019 for the purpose of computing the financial effects on the shareholders' equity, NTA per share and gearing of the Group and the Company; and
- (e) 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.

## 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.



# Addendum

## 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 2019 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.

# Addendum

## 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\$0.80, 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 Catalist Rules 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\$5,309,894. 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 2019 is as follows:

As at 31 March 2019	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)	17,009	11,699	28,457	23,147
NTA (S\$'000)	17,009	11,699	28,229	22,919
Current Assets (S\$'000)	12,520	8,251	19,274	13,964
Current Liabilities (S\$ '000)	1,922	2,963	12,954	12,954
Working Capital (S\$ '000)	10,598	5,288	6,320	1,010
Total Borrowings (S\$ '000)	–	1,041	9,826	9,826
Cash & Cash Equivalents (S\$ '000)	4,999	730	15,447	10,137
Net Profit (S\$ '000)	4,517	4,517	4,338	4,338
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	14.01	10.20	23.26	19.98
Basic EPS (cents)	3.72	3.94	3.57	3.78
Debt Equity Ratio (%)	–	8.9	34.5	42.5
Current Ratio (times)	6.5	2.8	1.5	1.1

# Addendum

## Off-Market Purchase

**For illustrative purposes only**, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.91, which is 120% 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\$6,040,004. 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 2019 is as follows:

As at 31 March 2019	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)	17,009	10,969	28,457	22,417
NTA (S\$'000)	17,009	10,969	28,229	22,189
Current Assets (S\$'000)	12,520	7,521	19,274	13,234
Current Liabilities (S\$ '000)	1,922	2,963	12,954	12,954
Working Capital (S\$ '000)	10,598	4,558	6,320	280
Total Borrowings (S\$ '000)	–	1,041	9,826	9,826
Cash & Cash Equivalents (S\$ '000)	4,999	–	15,447	9,407
Net Profit (S\$ '000)	4,517	4,517	4,338	4,338
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	14.01	9.56	23.26	19.34
Basic EPS (cents)	3.72	3.94	3.57	3.78
Debt Equity Ratio (%)	–	9.5	34.5	43.8
Current Ratio (times)	6.5	2.5	1.5	1.0

# Addendum

## 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\$0.80, 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 Catalist Rules 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\$5,309,894. 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 2019 is as follows:

As at 31 March 2019	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)	17,009	11,699	28,457	23,147
NTA (S\$'000)	17,009	11,699	28,229	22,919
Current Assets (S\$'000)	12,520	8,251	19,274	13,964
Current Liabilities (S\$ '000)	1,922	2,963	12,954	12,954
Working Capital (S\$ '000)	10,598	5,288	6,320	1,010
Total Borrowings (S\$ '000)	–	1,041	9,826	9,826
Cash & Cash Equivalents (S\$ '000)	4,999	730	15,447	10,137
Net Profit (S\$ '000)	4,517	4,517	4,338	4,338
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	14.01	10.20	23.26	19.98
Basic EPS (cents)	3.72	3.94	3.57	3.78
Debt Equity Ratio (%)	–	8.9	34.5	42.5
Current Ratio (times)	6.5	2.8	1.5	1.1

# Addendum

## Off-Market Purchase

**For illustrative purposes only**, in an Off-Market Purchase, assuming that the Maximum Price is S\$0.91, which is 120% 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\$6,040,004. 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 2019 is as follows:

As at 31 March 2019	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)	17,009	10,969	28,457	22,417
NTA (S\$'000)	17,009	10,969	28,229	22,189
Current Assets (S\$'000)	12,520	7,521	19,274	13,234
Current Liabilities (S\$ '000)	1,922	2,963	12,954	12,954
Working Capital (S\$ '000)	10,598	4,558	6,320	280
Total Borrowings (S\$ '000)	–	1,041	9,826	9,826
Cash & Cash Equivalents (S\$ '000)	4,999	–	15,447	9,407
Net Profit (S\$ '000)	4,517	4,517	4,338	4,338
Number of Shares ('000)	121,375	114,738	121,375	114,738
<b>Financial Ratios</b>				
NTA per Share (cents)	14.01	9.56	23.26	19.34
Basic EPS (cents)	3.72	3.94	3.57	3.78
Debt Equity Ratio (%)	–	9.5	34.5	43.8
Current Ratio (times)	6.5	2.5	1.5	1.0

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.

# Addendum

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 2019 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 (excluding any Shares held by the Company as treasury shares or which comprise subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding any Shares held by the Company as treasury shares or which comprise subsidiary holdings). In particular, no purchase or acquisition of the Shares would be made in circumstances which would have a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group. 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 Catalist Rules

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 purchase, 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 Catalist Rules, 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 Catalist Rules 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.



# Addendum

The Catalist Rules specify 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 Catalist Rules.

While the Catalist Rules do 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 or Off-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 Catalist Rules to ensure that at least 10% of its total number of Shares (excluding any preference shares, convertible equity securities and treasury shares) are in the hands of the public. The “public”, as defined under the Catalist Rules, 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 1,130 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.

# Addendum

## 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
- (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.

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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 (excluding any Shares held by the Company as treasury shares or which comprise subsidiary holdings) 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.

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.

# Addendum

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 <sup>(5)</sup>	–	–	14,198,000	11.70	–	–	14,198,000	13.00	
Ng Chee Tat Philip <sup>(5)</sup>	–	–	14,198,000	11.70	–	–	14,198,000	13.00	
Ng Chee Siong <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 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.

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- (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, Ng Chee Tat Philip and Ng Chee Siong are deemed to have an interest in the shares held by Goodview Properties Pte Ltd.

## **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 seventy-two (72) 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 SFA at least seventy-two (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 6 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 2019; and
- (b) the Constitution.

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

Lim Tao-E William  
Executive Director and 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.
- For investors who have used their CPF monies to buy Old Chang Kee Ltd.'s shares, the 2019 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.
- 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 10 July 2019.

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

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

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

\*and/or

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

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 Annual General Meeting (the "Meeting") of the Company to be held at OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1, on Thursday, 25 July 2019 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. All resolutions put to vote at the Meeting shall be decided by way of poll.

<b>No.</b>	<b>Resolutions relating to:</b>	<b>For*</b>	<b>Against**</b>
<b>As Ordinary Business</b>			
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019		
2	Payment of proposed final tax-exempt (one-tier) dividend of 1.5 Singapore cents per ordinary share in respect of the financial year ended 31 March 2019		
3	Approval of Directors' Fees amounting to S\$164,000 for the financial year ending 31 March 2020, payable quarterly in arrears		
4	Appointment of Mr Tan Han Beng as Director of the Company		
5	Re-appointment of Ernst & Young LLP as Auditors of the Company and authorising Directors to fix their remuneration		
<b>As Special Business</b>			
6	Authority to purchase shares pursuant to the Renewal of Share Buyback Mandate		
7	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

<b>Total number of Shares in:</b>	<b>No. of Shares</b>
(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 81SF 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 services 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 Central Provident Fund 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 or form 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 seventy-two (72) 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 seventy-two (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 10 July 2019.





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