Old Chang Kee®
since 1956
老曾记

Fish Fillet OnStik

Pineapple Feel'in

Curry'O

Sardine'O

Chicken Mushroom'O

Sotong Ball OnStik

Chicken Wrap OnStik

Seafood Gyoza OnStik

Determined to Deliver

annual report 2008

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 25 other food products including sotong balls, chicken nuggets and fried sushi. 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 Pie Kia Shop retail outlets offer pies with a variety of fillings like mushroom chicken, roast chicken and sardine, all at a very affordable price. The Take 5 dine-in retail outlets carry a range of local delights such as mee siam, nasi lemak and curry chicken.

We also provide delivery and catering services to the central business district and selected areas in Singapore.

Contents

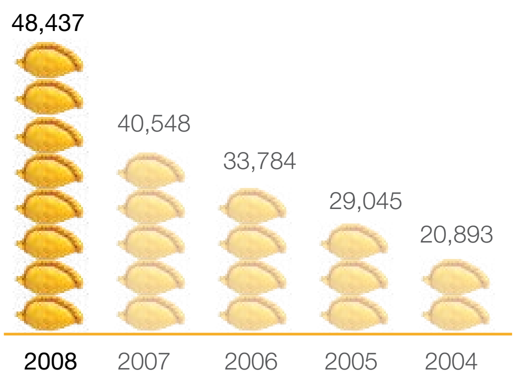
Financial Highlights

+19.5%
Revenue

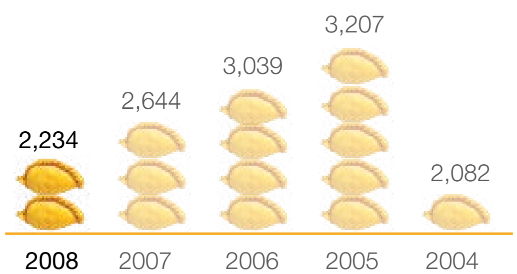
-15.5%
Net profit attributable to shareholders

+69.1%
Shareholders' equity

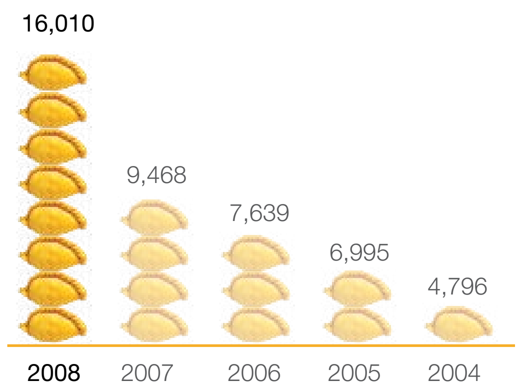
Revenue
$'000



Net profit attributable to shareholders
$'000



Shareholders' equity
$'000



$'000	2008	2007 Restated	2006	2005	2004
Revenue	**48,437**	40,548	33,784	29,045	20,893
Profit before taxation	**3,092**	3,487	4,150	4,235	2,597
Net profit attributable to shareholders	**2,234**	2,644	3,039	3,207	2,082

$'000	2008	2007 Restated	2006	2005	2004
Shareholders' equity	**16,010**	9,468	7,639	6,995	4,796
Non-current assets	**12,723**	10,436	7,116	6,195	3,861
Current assets	**12,031**	7,351	9,099	6,207	4,082
Non-current liabilities	**2,032**	2,266	1,081	1,137	647
Current liabilities	**6,712**	6,053	7,495	4,270	2,500

Financial Indicators	2008	2007 Restated	2006	2005	2004
Profit before taxation margin	**6.4%**	8.6%	12.3%	14.6%	12.4%
Net profit margin	**4.6%**	6.5%	9.0%	11.0%	10.0%
Earnings per share (cents)	**2.42**	3.87 *	4.44 *	4.69 *	3.04 *
Net asset value per share (cents)	**17.14**	13.84 *	11.17 *	10.23 *	7.01 *
Return on equity	**14.0%**	27.9%	39.8%	45.8%	43.4%
Return on assets	**9.0%**	14.9%	18.7%	25.9%	26.2%
Current ratio	**1.8:1**	1.2 : 1	1.2 : 1	1.5 : 1	1.6: 1

* Per pre-invitation share

Milestones

Making progress and generating growth over the years

2008 Launched "The Pie Kia Shop"
Listed on the Catalist
Launched flagship restaurant in Chengdu, PRC

1956 Origins of Mr Chang's chicken curry puff

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

2004 Awarded "Singapore Promising Brand Award (SPBA)" by the ASME and Lianhe Zaobao

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

2005 Awarded "SPBA-Heritage Brand Award" and the "SPBA – Distinctive Brand Award" by the ASME and Lianhe Zaobao

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

2007 Awarded "Lifelong Learner Award, Corporate Category" by MediaCorp Radio, Singapore Workforce Development Agency, National Trade and Unions Congress and SPRING Singapore

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

Group Structure

Ten & Han Food Management (Chengdu) Co., Ltd.
100%

Ten & Han Trading Pte Ltd
100%

老曾记
Old Chang Kee

Old Chang Kee Australia Pty Ltd (Dormant)
100%

Old Chang Kee (M) Sdn. Bhd.
40%

Old Chang Kee (Thailand) Co., Ltd. (Dormant)
40%

Chairman's Statement and Operations Review

Revenue increased from $40.5 million in FY2007 to $48.4 million in FY2008, a commendable increase of about $7.9 million or 19.5%.

Dear Shareholders

It is my pleasure to present to you the Annual Report and the Group's results for the financial year ended 31 December 2008 (FY2008).

Since our admission to the official list of the Catalist under the listing rules of the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation, the Group has been taking conscientious effort and meticulous steps to grow the homegrown brand. Our efforts are bearing results.

It has been generally acknowledged that many of the Singapore stocks have their shareholder values plummeted during the past eighteen months. I am therefore encouraged that a report in Singapore's Business Times on 23 February 2009 identified Old Chang Kee as one of the ten stocks that managed to chalk up any return for investors for the twelve months to 20 February 2009.

Financial Performance

Amidst the global financial and economic woes and a very challenging business environment, I am pleased to report that we have achieved a set of reasonably satisfactory results for FY2008.

Revenue increased from $40.5 million in the financial year ended 31 December 2007 (FY2007) to $48.4 million in FY2008, a commendable increase of about $7.9 million or 19.5%. The increase in revenue was largely attributed to higher revenue achieved in existing outlets as well as contribution from an additional 13 outlets which we opened in FY2008.

In tandem with the increase in revenue, cost of sales increased from $16.8 million in FY2007 to $19.6 million in FY2008, an increase of about 16.4%. It is noteworthy that whilst revenue increased by about 19.5%, cost of sales increased by a lower 16.4%.

Gross profit increased by about $5.1 million or 21.6% to $28.9 million, due largely to improved product mix.

The Group's profit before taxation dropped by about 11.3% to $3.1 million.

The withdrawal of the Statement of Recommended Accounting Practice 9 (RAP 9) resulted in a prior year adjustment made to the FY2007 income statement. $319,000 was charged to the retained earnings of the Group in FY2007. For FY2008, an Initial Public Offering (IPO) cost of $638,000 was charged to the income statement. The Group started a new restaurant in Chengdu, the People's Republic of China, in October 2008. A one-off pre-opening expense of $716,000 was incurred in the year under review.

Excluding the costs incurred as a result of the withdrawal of RAP 9 and the pre-opening expenses of the restaurant in Chengdu, the People's Republic of China, the Group's profit before taxation for FY2008 and FY2007 would have been about $4.4 million and $3.8 million respectively.

Due largely to the combination of the above mentioned factors, the Group's net profit attributable to shareholders decreased by about $410,000 or 15.5% to $2.2 million.

Balance sheet and equity changes

Total shareholders' equity as at the end of FY2008 was about $16.0 million as compared to $9.5 million the previous year. Non-current assets increased from $10.4 million as at the end of FY2007 to $12.7 million at the end of FY2008, an increase of about $2.3 million. This was largely due to the purchases of plant and equipment for the setting up of new retail outlets and securities deposits placed with landlords. Current assets increased by about $4.7 million, due largely to the proceeds from the IPO.

Non-current liabilities as at the end of FY2008 was about $2.0 million as compared to $2.3 million as at the end of FY2007. This was largely due to repayment of bank loans.

The Group continues to maintain a strong balance sheet. As at the end of FY2008, the Group has cash and cash equivalents of about $9.6 million.

Net asset value per ordinary share as at the end of FY2008 was 17.14 cents as compared with 13.84 cents as at the end of FY2007.

Earnings per share (EPS) for the year based on the weighted average number of ordinary shares issued was 2.42 cents as compared with 3.87 cents for FY2007.

Chairman's Statement and Operations Review (cont'd)

Further strengthening our presence

The food and beverage industry is highly competitive with relatively low entry barriers. The home market, Singapore, continues to be the Group's main revenue contributor. In the year under review, thirteen new outlets were opened. One outlet was closed due to the decision by the landlord to revamp the mall. The Group now operates a total of 70 outlets in Singapore as compared to 58 outlets as at the end of FY2007. The outlets are located in shopping malls, petrol stations and outdoor kiosks. We would continue our search for strategic locations to further strengthen our distribution channel.

The Pie Kia Shop (Pie Kia), a new brand, was launched during the year under review and now operates a total of six outlets. A play on Singlish to mean pie kid, it is another attempt to win the growing heartland market. Pie Kia boasts a range of unusual tastes and product names. It is uniquely Singaporean and offers great bite-sized pies.

In June 2008, our first mobile kitchen, O' My Darling, was launched. This has opened many opportunities as we move into non-retail areas such as corporate functions and events. O' My Darling was showcased during the National Day Parade 2008. Some 6,000 personnel and participants were served by O' My Darling during the numerous rehearsals, preview shows, and the parade. Formula One Grand Prix 2008, ZoukOut 2008, and Sentosa Flower Show 2009 were some of the major events which O' My Darling was featured.

In October 2008, the Group opened a restaurant in Chengdu, the People's Republic of China. The eatery is positioned as a curry specialty shop to appeal to the locals' taste for spicy food and located in the hip and trendy YY Sports Mall in Chunxi Road, the equivalent to Singapore's Orchard Road.

Our associated company in Malaysia and the franchisees in Indonesia and Philippines have yet to contribute materially to the Group's results. Our franchisees in Indonesia and Philippines are still in the early stages of business development.

Dividends

The Directors have proposed a final dividend of 0.5 cents per share (one-tier tax exempt).

Going Forward

As with many businesses during such trying times, the Group expects the current widely reported global financial woes to have an adverse impact on both the revenue and profits in the next twelve months. Our recently setup restaurant in Chengdu, the People's Republic of China, is unlikely to contribute positively by the end of this year.

We will continue with our efforts to drive revenue growth and manage operation costs. More high quality food products and beverages will be added to the existing range of affordable products to be sold at the various outlets.

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 ongoing support.

Han Keen Juan
Executive Chairman

Our Retail Outlets

OLD CHANG KEE

2 Mackenzie Road (Rex)
268 Orchard Road
Aljunied MRT Station
AMK Hub
Bugis Junction
Bukit Merah Central
Bukit Panjang Plaza
Caltex Ang Mo Kio Avenue 3
Caltex Bukit Batok
Caltex Dunearn
Caltex East Coast
Caltex Holland
Caltex Jurong West
Caltex Lorong Chuan
Caltex Tampines
Causeway Point
Century Square
Compass Point
Concorde Hotel Singapore
Downtown East
Eastpoint Mall
Far East Plaza
Forum The Shopping Mall
Golden Shoe Car Park
Great World City
Heartland Mall
Hougang Mall
Hougang Point
IMM Building
International Plaza
Junction 8 Shopping Centre
Jurong Point Shopping Centre
Kallang MRT Station
Kembangan MRT Station
Lot 1 Shoppers' Mall
Nanyang Technological University
National University of Singapore
Ngee Ann City
Northpoint Shopping Centre
Novena Square
Paragon
Parkway Parade
Peninsula Plaza
Raffles City Shopping Centre
Rivervale Mall
Simei MRT Station
SPC Dunearn Service Station
SPC East Coast Service Station
SPC Jalan Buroh Service Station NEW
SPC Punggol Service Station
Square 2
Sun Plaza
Suntec City Mall
Tampines MRT Station
The Amara
The Ogilvy Centre
The Verge
Thomson Plaza
Tiong Bahru Plaza
Toa Payoh Lorong 6
Ubi Avenue 2
United Square
VivoCity
West Mall
White Sands
Yew Tee Point NEW

THE PIE KIA SHOP

AMK Hub
Century Square
Choa Chu Kang Xchange
Dhoby Ghaut Xchange
Northpoint Shopping Centre
Tiong Bahru Plaza

Take5 dine-in　　NEW *New outlet opened in 2009*

Take 5

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

The Pie Kia Shop

The Pie Kia Shop offers a range of unusual tastes and product names, serving great bite-sized pies.

Chengdu Eatery

We opened our flagship restaurant in Chengdu, People's Republic of China on 28 October 2008. The restaurant focuses on curry as well as other distinctively Singaporean delights. Aptly named the OCK Curry Specialty Shop, it is set to excite the taste buds of the locals.

Delivers

Old Chang Kee 'Delivers' right to your doorstep, allowing you to enjoy our whopping range of delicious snacks from the comforts of your home or office.

Catering

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

O' My Darling

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

Board Of Directors

From left to right: Lim Tao-E William, Han Keen Juan, Lim Yen Heng, Wong Chak Weng, Ong Chin Lin, Choong Buat Ken

Han Keen Juan
Executive Chairman

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

Lim Tao-E William
Chief Executive Officer

William Lim, our Chief Executive Officer, joined the Group in 1995. He is responsible for the development of new products, expansion of our business into overseas markets, and overseeing the business and sales development strategies. He has more than 20 years of sales experience. William is a member on the board of the Intellectual Property Office of Singapore ("IPOS") and the IPOS' Investment Committee. He has a Bachelor of Commerce degree from the Curtin University of Technology in Australia.

Choong Buat Ken
Non-Executive Director

Choong Buat Ken, appointed as our Non-Executive Director on 16 November 2007, is currently the Managing Director of Mast Management Consultants Pte Ltd and Mast Computer Pte Ltd, and renders services in areas such as corporate strategies, organisation and methods, accounting and financial management, system design and implementation, personnel policies and corporate secretarial services. Beginning his career as an audit assistant in Coopers & Lybrand, he has accumulated more than 37 years of working experience to date, holding various positions such as financial officer of Jurong Town Corporation, group chief accountant of Metro Holdings Ltd, control officer of Asian Development Bank in Manila, the Philippines, and finance director of Galeries Lafayette, Singapore. He graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University and obtained a Master of Business Administration from the Ateneo Graduate School of Business, the Philippines. He is a non-practising member of the Institute of Certified Public Accountants of Singapore.

Lim Yen Heng
Non-Executive Director

Lim Yen Heng, appointed as our Non-Executive Director on 16 November 2007, is currently the sole-proprietor of Y.H. Lim & Co. Certified Public Accountants Singapore, where he is responsible for the overall operation of the firm. Beginning his career as an audit assistant in Lim, Tan, Tiew & Co. Public Accountants Singapore, he has accumulated more than 30 years of working experience to date in the fields of accounting and auditing. Prior to setting up his own sole-proprietorship, he joined K.S. Liaw & Co. Public Accountants Singapore as an audit manager and was subsequently promoted to the position of partner. He graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University. He is a practising member of the Institute of Certified Public Accountants of Singapore as well as a non-practising fellow of the Certified Public Accountants of Australia.

Ong Chin Lin
Lead Independent Director

Ong Chin Lin, appointed as our Lead Independent Director on 16 November 2007, is currently the independent director of Linair Technologies Ltd and Yi-Lai Berhad. Beginning his career as an articled clerk in Leigh, Sorene & Lawson, he has more than 36 years of working experience to date. He 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.

Wong Chak Weng
Independent Director

Wong Chak Weng, appointed as our Independent Director on 16 November 2007, is a practicing lawyer with more than 20 years of experience. His areas of practice include general corporate work and advising on compliance with licensing and business conduct regulations of financial service providers. He held various positions with the Monetary Authority of Singapore including legal officer in the Managing Director's Office, assistant director in the Management Accounting and Custody Division, Finance Department, staff assistant to the managing director and senior review officer in the Securities Industry Department, Banking and Financial Institutions Group. He was appointed as an independent director of CDW Holdings Limited since it was listed on the SGX-ST Mainboard on 26 January 2005. He is currently a consultant at Toh Tan LLP, Advocates and Solicitors. He is also the honorary legal adviser to ACI Singapore, The Financial Markets Association and a member of the audit committee of the Law Society of Singapore. He holds an LLB (Hons) from the National University of Singapore.

Key Management

Roland Chan

Chief Operating Officer

Roland Chan joined our Group in January 2009. As Chief Operating Officer, he assists the Executive Chairman and Chief Executive Officer in both strategy formulation and overall management of the Group companies. Roland's working experiences include having helmed non-life insurance operations when he was in the non-life insurance industry for more than twenty two years. After he left the non-life insurance industry, he worked in a senior corporate management position in a SGX main board listed company for about eight years. Besides the Fellow of the Chartered Insurance Institute and Chartered Insurer insurance qualifications, Roland has a MBA degree from the University of Birmingham in United Kingdom.

Chew Mei Li

Chief Financial Officer

Chew Mei Li, who joined our Group in 2006, is responsible for our Group's full spectrum of financial and taxation functions, including financial accounting, management accounting, budgeting and forecasting, statutory reporting to relevant authorities in all jurisdictions that our Group operates in as well as internal controls and compliance with corporate, legal, tax, accounting and operational requirements. She has over 12 years of experience in accounting and finance. Prior to joining our Group, she held the position of assistant manager with a company listed on the SGX-ST Mainboard. She is a non-practising member of the Institute of Certified Public Accountants of Singapore and a fellow member of the Association of Chartered Certified Accountants.

Chow Hui Shien

General Manager

Chow Hui Shien joined our 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, she 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.

Ng Lee Huang

Production Manager

Ng Lee Huang joined our Group in 1987 and is responsible for overseeing the production process and ensuring that they comply with the stringent standards and procedures established by our Group. She was involved in the Hazard Analysis Critical Control Point (HACCP) certification for our manufacturing process. Prior to assuming her current position as Production Manager in 2003, she was responsible for the general administration and book-keeping functions of our Group. She graduated from Chung Hwa Girls' High School.

Ngoh Kin Wee

Logistics & Warehousing Manager

Ngoh Kin Wee joined our Group in 1987 and is responsible for inventory management, coordinating and planning our Group's production capacity to ensure sufficient supply of food products to our Group's retail outlets. He also determines delivery truck routes to ensure punctual delivery of food products to the retail outlets and the quantity of food products to be delivered to each retail outlet. He graduated from Ahmad Ibrahim Secondary School.

Corporate Information

BOARD OF DIRECTORS

Han Keen Juan
(Executive Chairman)

Lim Tao-E William
(Chief Executive Officer)

Choong Buat Ken
(Non-Executive Director)

Lim Yen Heng
(Non-Executive Director)

Ong Chin Lin
(Lead-Independent Director)

Wong Chak Weng
(Independent Director)

NOMINATING COMMITTEE

Wong Chak Weng (Chairman)
Choong Buat Ken
Ong Chin Lin

AUDIT COMMITTEE

Ong Chin Lin (Chairman)
Lim Yen Heng
Wong Chak Weng

REMUNERATION COMMITTEE

Ong Chin Lin (Chairman)
Choong Buat Ken
Lim Yen Heng
Wong Chak Weng

COMPANY SECRETARY

Chew Mei Li, CPA

REGISTERED OFFICE

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street #08-01
Samsung Hub
Singapore 049483

AUDITORS

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

AUDIT PARTNER-IN-CHARGE

Max Loh Khum Whai
(Appointed since financial year ended 31 December 2005)

Corporate Governance & Financial Statements

Corporate Governance

The Board and management of the Company are committed to maintaining a high standard of corporate governance in accordance with the principles and guidelines set out in the Code of Corporate Governance 2005 (the "Code") to enhance long term shareholders' value through enhancing corporate performance and accountability.

This report describes the Company's corporate governance processes and procedures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code, except where otherwise stated.

Board Matters

Principle 1 – Board's Conduct of Affairs

The principle functions of the Board are:

- set out overall long term strategic plans and objectives for the Group and ensure that the necessary financial and human resources are in place to meet its objectives;
- establish a framework to review, access and manage internal controls and risk management;
- review management performance;
- ensure good corporate governance practices to protect the interests of shareholders; and
- appointment of Directors and key executives.

The Board continues to approve matters within its statutory responsibilities. Specifically, the Board has direct responsibility for decision making in the following:

- major investment and divestment proposals;
- material acquisitions and disposals of assets;
- material interested person transactions;
- major financing, corporate financial restructuring plans and issuance of shares; and
- proposal of dividends and other returns to shareholders.

Corporate Governance

To facilitate effective execution of its function, the Board has delegated certain functions to three Board Committees, namely the Nominating Committee, Remuneration Committee and Audit Committee. These Board Committees operate under clearly defined terms setting out its respective roles and report to the Board on the outcome and recommendations.

The Board meets at least quarterly and additional meetings for particular matters will be convened as and when they are deemed necessary. The Articles of Association of the Company provide for Directors to convene meetings other than physical meetings, by teleconferencing or videoconferencing.

The number of meetings held by the Board and Board Committees and attendance of each member of the Board for the financial year under review is as follows:

Name of Director	Board	Nominating Committee	Remuneration Committee	Audit Committee
Number of meetings held	4	2	1	4
Number of meetings attended:				
Han Keen Juan	4	1*	1*	2*
Lim Tao-E William	4	1*	1*	2*
Choong Buat Ken	4	2	1	3*
Lim Yen Heng	4	1*	1	4
Ong Chin Lin	4	2	1	4
Wong Chak Weng	4	2	1	4

* *By invitation*

All Directors receive appropriate training and attended seminars to develop individual skills and to receive updates on regulation changes.

All newly appointed directors will be briefed with background information about the Group's history and business practices.

Principle 2 – Board Composition and Guidance

The Board comprises six members of whom two are Independent Directors, two are Non-Executive Directors and two are Executive Directors as follows:

Han Keen Juan	(Executive Chairman)
Lim Tao-E William	(Chief Executive Officer)
Choong Buat Ken	(Non-Executive Director)
Lim Yen Heng	(Non-Executive Director)
Ong Chin Lin	(Lead Independent Director)
Wong Chak Weng	(Independent Director)

Ong Chin Lin and Wong Chak Weng are considered independent as they do not have any past or on-going business relationship with our Group and/or our Directors or substantial shareholders. Ong Chin Lin and Wong Chak Weng are neither related to each other nor to any of our Executive Directors or substantial shareholders.

The Board considers its current board size appropriate to effectively facilitate the operations of the Group and has the appropriate mix of members with the expertise and experience, in areas namely, accounting & finance, business & management, corporate governance and legal aspects.

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's advice will be constructive to the Group.

Principle 3 – Chairman and Chief Executive Officer

The Company believes in a clear division of responsibilities between the Executive Chairman and Chief Executive Officer ("CEO") to ensure appropriate balance of power, increased accountability and greater capacity of the Board for decision making.

The Executive Chairman and CEO of the Company are Han Keen Juan and Lim Tao-E William respectively. Lim Tao-E William is the nephew of Han Keen Juan. In view of the relationship between our Executive Chairman, Han Keen Juan and our CEO, Lim Tao-E William, and of the fact that they are both part of the executive management team, we have appointed Ong Chin Lin as our Lead Independent Director, pursuant to the recommendations in Commentary 3.3 of the Code. In accordance with the recommendations in the said Commentary 3.3, shareholders will be able to consult the Lead Independent Director where they have concerns for which contact through the normal channels of our Executive Chairman, CEO or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

The role of the Executive Chairman in the Company includes leading the Board to ensure that all aspects of roles and agendas are effectively carried out to meet objectives of the Group, ensuring that relevant information are accurately conveyed to Directors and shareholders on a timely basis, encourage constructive relations between members of the Board and promote high standards of corporate governance.

Principle 4 – Board Membership

The Nominating Committee (the "NC") comprises Wong Chak Weng, our Independent Director as Chairman, Choong Buat Ken and Ong Chin Lin as members.

The NC will meet at least annually to discuss and review the following where applicable:

- to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance and if applicable, as an Independent Director. All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three years;

- to determine on an annually basis, whether or not a Director is independent;

- in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments he faces when serving on multiple boards;

- to decide how the Board's performance may be evaluated and propose objective performance benchmarks, as approved by the Board, that allows comparison with its industry peers, and to address how the Board has enhanced long term shareholders' value; and

- in consultation with the Board, the NC determines the selection criteria and identifies candidates with appropriate expertise and experience for the appointments of new directors, NC will nominate the most suitable candidate for appointment to the Board.

The academic and professional qualifications of the Directors are set out on page 12 of this Annual Report.

The shareholdings held by the Directors in the Company and its subsidiary companies are set out on page 27 of this Annual Report.

The Board membership mix and members considered by the NC to be independent, date of first appointment and date of last re-election as Director, present and past directorships over the last preceding three years in other listed companies are set out below:

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
Choong Buat Ken	Non-Executive / Non-independent	16 November 2007	29 April 2008	None
Lim Yen Heng	Non-Executive / Non-independent	16 November 2007	Not applicable	None
Ong Chin Lin	Non-Executive / Independent	16 November 2007	29 April 2008	Linair Technologies Limited Yi-Lai Berhad
Wong Chak Weng	Non-Executive / Independent	16 November 2007	Not applicable	CDW Holdings Limited

Lim Yen Heng and Wong Chak Weng are elected for retirement and re-election at the forthcoming Annual General Meeting.

Principle 5 – Board Performance

The NC will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

Principle 6 – Access to Information

Our Directors will be provided with the relevant board papers and information on a timely manner prior to each Board meeting. Our Directors are provided with the contact details of senior management and company secretary and have separate and independent access to such persons. Our company secretary will attend all Board meetings and ensures that all Board procedures are followed and ensure good information flows within the Board and its committees and between senior management and Non-Executive Directors. Our Directors are entitled individually or as a group, to seek independent professional advice at the expense of the Company, in furtherance of their duties.

Remuneration Matters

Principle 7 – Procedures for developing Remuneration Policies

The Remuneration Committee (the "RC") comprises all Non-Executive Directors, namely Ong Chin Lin, our lead independent Director as Chairman, Choong Buat Ken, Lim Yen Heng and Wong Chak Weng as members.

The main responsibility of the RC is to review and recommend a framework of remuneration for the Directors and key executives and determine specific remuneration packages for each Executive Director. The recommendations of the RC should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be overseen by the RC. 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 remuneration package.

Principle 8 – Level and Mix of Remuneration

The RC will review at least annually all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind to ensure that the remuneration packages are competitive in attracting, retaining and motivating employees capable of meeting our Company's objectives and that the remuneration reflects employees' duties and responsibilities.

The Non-Executive and Independent Directors do not have any service contracts and will be paid a basic fee and additional fees for serving as Chairman on each of the Board Committees. The Board recommends payment of such fees to be approved by shareholders at the Annual General Meeting of our Company.

Our Company has entered into service agreements with two Executive Directors, namely Han Keen Juan and Lim Tao-E William on 16 November 2007 for an initial period of three years each commencing from 16 January 2008, unless otherwise terminated by either party giving not less than six months' written notice or salary in lieu of notice. The Executive Directors will not be receiving any Directors' fees from the Company or its subsidiary companies for the financial year commencing from 1 January 2008 onwards and their remuneration comprises a basic salary, a fixed bonus of an amount equivalent to two months of their basic salary and a variable performance bonus, based on the performance of our Group.

Corporate Governance

Principle 9 – Disclosure on Remuneration

Directors' Remuneration

The breakdown of the level and mix of remuneration of our Directors for the financial year ended 31 December 2008 is set out below:

	Salary & CPF	Fixed Bonus	Performance Bonus	Other Benefits	Directors' Fee	Total
Band III: Between $500,001 to $750,000						
Han Keen Juan	56%	9%	33%	2%	–	100%
Lim Tao-E William	59%	10%	25%	6%	–	100%
Band I: Below $250,000						
Choong Buat Ken	–	–	–	–	100%	100%
Lim Yen Heng	–	–	–	–	100%	100%
Ong Chin Lin	–	–	–	–	100%	100%
Wong Chak Weng	–	–	–	–	100%	100%

Key Executives' Remuneration

To maintain confidentiality of staff remuneration, the names of the top five executives are not stated.

The remuneration for each of the top five executives (who are not Directors) for the year ended 31 December 2008 falls within Band I of $250,000 and below.

The following executives are related to our Directors and their annual remuneration during the financial year ended 31 December 2008 was less than $150,000:

(1) Chow Hui Shien is the niece of our Executive Chairman, Han Keen Juan and cousin of our Chief Executive Officer, Lim Tao-E William; and

(2) Chow Phee Liat is the nephew of our Executive Chairman, Han Keen Juan and cousin of our Chief Executive Officer, Lim Tao-E William.

Accountability and Audit

Principle 10 – Accountability

The Board is accountable to the shareholders while the management is accountable to the Board. Management provides all members of the Board with balanced and understandable management accounts of the Company's performance, financial position and prospects on a quarterly basis. Our Company will announce its results on a half yearly basis, and makes disclosure of other relevant information of our Company via SGXNET to the shareholders. Our Company is not required to announce its results on a quarterly basis.

Principle 11 – Audit Committee

The Audit Committee (the "AC") comprises Ong Chin Lin, our Lead Independent Director as Chairman, Lim Yen Heng and Wong Chak Weng as members. Two members of the AC, Ong Chin Lin and Lim Yen Heng, have accounting and financial management expertise and experience.

The AC will meet at least quarterly to discuss and review the following where applicable:

- review audit plans with external auditors and, where applicable, internal auditors, including the evaluation of our internal control system, the audit report, the management letter and our management's response;
- review half year and full year consolidated financial statements and the external auditors' reports on those financial statements, before submission to the Board for approval;
- review and ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concerns, if any in the absence of our management where necessary;
- review and discuss with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;
- consider the appointment and re-appointment of the external auditors and matters relating to resignation and dismissal of the auditors;
- review the transactions falling within the scope of Chapter 9 and Rule 1010 of the Listing Manual;
- review any potential conflict of interest and independence of external auditors; and
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The Company is the process of reviewing and putting in place a whistle-blowing arrangement which will be communicated to all employees where employees may, in confidence, raise any concerns or other matters to the AC and where applicable, independent investigation may be carried out.

Principle 12 – Internal Controls

In the course of the statutory audit conducted annually by our external auditors, Ernst & Young LLP, a review of the Group's material internal controls is carried out and any material non-compliance and internal control weaknesses noted during their audit and their recommendations will be reported to the AC.

For the financial year ended 31 December 2008, the Board is of the view that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Company's management is adequate.

Principle 13 – Internal Audit

The Company has outsourced the internal audit function to a qualified public accounting firm (the "IA"). The IA is expected to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by Institute of Internal Auditors.

The IA has unrestricted direct access to the AC. The IA plans its scope of internal audit work during the year in consultation with the AC, and submits its annual audit plan to the AC for approval.

The AC also meets with the IA at least once a year without the presence of management to review management's level of cooperation and other matters that warrants the AC's attention.

During the year, the IA adopted a risk-based auditing approach that focuses on material internal controls, including financial and operational controls. The AC has reviewed the effectiveness of the IA and is satisfied that the IA is adequately resourced to fulfil its mandate.

Communication with Shareholders

Principle 14 – Communication with Shareholders

The shareholders and members of the public will be informed promptly of all major developments of the Group. Information is communicated to the shareholders on a timely basis, through annual reports, notice of general meeting and extraordinary general meetings, if applicable, half year and full year announcement of results and other announcement or press release through SGXNET.

Principle 15 – Encourage Greater Shareholder Participation

The Annual General Meeting ("AGM") of the Company is a forum and platform for dialogue and interaction with all shareholders. The Board welcomes shareholders' feedback and direct questions regarding the Group at the AGM. The members of the Board, Chairman of the various Board Committees and external auditors would be present at the AGM to answer questions from the shareholders.

Risk Management
(Listing Manual Rule 1207(4)(b)(iv))

Our Company does not have a Risk Management Committee. The Company regularly reviews and improves its business on operational level by taking into account the risk management perspective. The Company seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks, if applicable. The Company will review all significant control policies and procedures and highlight any significant matters to the AC.

Material Contracts
(Listing Manual Rule 1207(8))

Other than those disclosed in the financial statements, the Company and its subsidiary companies did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

Dealing in Securities
(Listing Manual Rule 1207(18))

In line with the internal compliance code, the Company issues memorandum to its Directors, officers, employees and associates of the Group to provide guidance with regards to dealings in securities of the Company by them, highlighting that Directors, officers, relevant employees and associates are prohibited from dealing in our Company's securities, one month before release of the half year and full year results and when in possession of price-sensitive information which is not available to the public. The Company will also send 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. They are also discouraged from dealing in the Company's securities on short-term considerations.

Interested Persons Transactions
(Listing Manual Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are properly documented and reported on a timely manner to the AC on a quarterly basis and that the transactions are conducted on an arm's length basis and are not prejudicial to the interest of the shareholders in accordance with the internal controls set up by the Company on interested person transactions. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

There was no transaction with interested persons during the financial year ended 31 December 2008 that exceeded the stipulated thresholds as specified in Chapter 9 of the Listing Manual of the SGX-ST.

Corporate Governance

Auditors
(Listing Manual Rule 716)

Ernst & Young LLP is the auditors of the Company and the Singapore incorporated subsidiary company. The overseas subsidiary and associated companies are not considered significant as defined under Listing Rule 718 of SGX-ST. Therefore, the appointment of different auditors for these subsidiary and associated companies would not compromise the standard and effectiveness of the audit of the Group.

Use of Initial Public Offering ("IPO") Proceeds
(Listing Manual Rule 1207(19))

Purpose	Intended use of proceeds and IPO expenses as per prospectus dated 4 Jan 2008 $'000	IPO proceeds utilised as at 25 Feb 2009 $'000	Balance as at 25 Feb 2009 $'000
Expand our overseas operations	1,000	1,000	–
Increase and refurbish our Singapore retail outlets	1,000	1,020	(20)
Expansion through strategic alliances, acquisitions, joint ventures and franchises	500	–	500
Working capital	830	207	623
Invitation expenses	1,670	1,644	26
Total	**5,000**	**3,871**	**1,129**

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Old Chang Kee Ltd. (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

Directors

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

Han Keen Juan
Lim Tao-E William
Choong Buat Ken
Lim Yen Heng
Ong Chin Lin
Wong Chak Weng

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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' 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, Cap. 50, an interest in shares of the Company as stated below:

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company ('000)				
Han Keen Juan	54,720	54,720	6,840	6,840
Lim Tao-E William	6,840	6,840	–	–
Choong Buat Ken	–	100	–	–
Lim Yen Heng	–	100	–	–
Ong Chin Lin	–	50	–	–

Directors' Report

There was no change in any of the above-mentioned Directors' interests in the shares of the Company between the end of the financial year and 21 January 2009.

Except as disclosed in this report, 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' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Audit committee

The audit committee (the "AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 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 year with full attendance from all members. The AC has also met with 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.

Auditors

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

On behalf of the Board of Directors:

Han Keen Juan
Director

Lim Tao-E William
Director

Singapore
31 March 2009

Statement by Directors

We, Han Keen Juan and Lim Tao-E William, being two of the Directors of Old Chang Kee Ltd., do hereby state that, in the opinion of the Directors,

(a) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Han Keen Juan
Director

Lim Tao-E William
Director

Singapore
31 March 2009

Independent Auditors' Report
to the Members of Old Chang Kee Ltd.

We have audited the accompanying financial statements of Old Chang Kee Ltd. (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company, and the income statement, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report
to the Members of Old Chang Kee Ltd.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by the subsidiary company incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
31 March 2009

Consolidated Income Statement
for the financial year ended 31 December 2008

	Note	The Group 2008 $'000	2007 $'000 Restated
Revenue	4	48,437	40,548
Cost of sales		(19,562)	(16,807)
Gross profit		28,875	23,741
Other operating income	5	430	632
Selling and distribution expenses		(18,026)	(14,325)
Administrative expenses		(5,731)	(4,885)
Other operating expenses	6	(2,273)	(1,609)
Finance costs	7	(183)	(67)
Profit before taxation	8	3,092	3,487
Taxation	9	(858)	(843)
Net profit attributable to shareholders		2,234	2,644
Earnings per share (cents)	10	2.42	3.87

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

Balance Sheets
as at 31 December 2008

	Notes	The Group 2008 $'000	The Group 2007 $'000 Restated	The Company 2008 $'000	The Company 2007 $'000 Restated
Non-Current Assets					
Property, plant and equipment	11	11,223	9,361	–	–
Intangible assets	12	225	255	–	–
Investment in subsidiary companies	13	–	–	6,300	5,700
Investment in associated companies	14	–	–	–	–
Amount due from associated companies	15	–	–	–	–
Long term deposits	16	1,275	820	–	–
		12,723	10,436	6,300	5,700
Current Assets					
Inventories	17	749	534	–	–
Trade and other receivables	18	504	602	70	–
Deposits	16	760	745	–	–
Prepayments		449	577	9	25
Amount due from associated companies	15	–	–	–	–
Amount due from subsidiary companies	19	–	–	1,982	–
Cash and bank balances	20	9,569	4,893	3,380	11
		12,031	7,351	5,441	36

Balance Sheets
as at 31 December 2008

	Notes	The Group 2008 $'000	The Group 2007 $'000 Restated	The Company 2008 $'000	The Company 2007 $'000 Restated
Current Liabilities					
Trade and other payables	21	4,581	4,070	157	29
Amount due to subsidiary companies	19	–	–	–	728
Other liabilities	22	97	49	–	–
Provisions	23	178	172	–	–
Bank loans	24	657	693	–	–
Finance lease liabilities	25 & 30(c)	213	234	–	–
Club membership payable-current		5	15	–	–
Provision for taxation		981	820	–	–
		6,712	6,053	157	757
Net Current Assets/(Liabilities)		5,319	1,298	5,284	(721)
Non-Current Liabilities					
Bank loans	24	406	1,063	–	–
Finance lease liabilities	25 & 30(c)	894	501	–	–
Club membership payable-long term		–	5	–	–
Deferred tax liabilities	26	732	697	–	–
		2,032	2,266	–	–
Net Assets		16,010	9,468	11,584	4,979
Equity attributable to equity holders of the Company					
Share capital	27	10,013	5,700	10,013	5,700
Reserves	29	5,997	3,768	1,571	(721)
Total Equity		16,010	9,468	11,584	4,979

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

Statements of Changes in Equity
for the financial year ended 31 December 2008

The Group	Share capital (Note 27) $'000	Share application money (Note 28) $'000	Asset revaluation reserve (Note 29(a)) $'000	Foreign currency translation reserve (Note 29(b)) $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000
	Attributable to equity holders of the Company						
At 1 January 2007	700	100	263	–	6,576	6,839	7,639
Issuance of ordinary shares for cash	100	(100)	–	–	–	–	–
Capitalisation of accumulated profits for bonus issue of shares	4,900	–	–	–	(4,900)	(4,900)	–
Revaluation of building	–	–	(119)	–	–	(119)	(119)
Net effect of exchange differences	–	–	–	4	–	4	4
Net income/(expense) recognised directly in equity	–	–	(119)	4	–	(115)	(115)
Profit for the year							
- as previously stated	–	–	–	–	2,963	2,963	2,963
- prior year adjustment (Note 2.2)	–	–	–	–	(319)	(319)	(319)
- as restated	–	–	–	–	2,644	2,644	2,644
Total recognised income and expense for the year	–	–	(119)	4	2,644	2,529	2,529
Dividends on ordinary shares (Note 36)	–	–	–	–	(700)	(700)	(700)
At 31 December 2007	5,700	–	144	4	3,620	3,768	9,468

Statements of Changes in Equity
for the financial year ended 31 December 2008

The Group	Share capital (Note 27) $'000	Share application money (Note 28) $'000	Asset revaluation reserve (Note 29(a)) $'000	Foreign currency translation reserve (Note 29(b)) $'000	Accumulated profits $'000	Total reserves $'000	Total equity $'000
	Attributable to equity holders of the Company						
At 1 January 2008							
- as previously stated	5,700	–	144	4	3,939	4,087	9,787
- prior year adjustment (Note 2.2)	–	–	–	–	(319)	(319)	(319)
- as restated	5,700	–	144	4	3,620	3,768	9,468
Issuance of ordinary shares for cash	5,000	–	–	–	–	–	5,000
Share issue expense	(687)	–	–	–	–	–	(687)
Net effect of exchange differences	–	–	–	(5)	–	(5)	(5)
Net expense recognised directly in equity	–	–	–	(5)	–	(5)	(5)
Profit for the year	–	–	–	–	2,234	2,234	2,234
Total recognised income and expense for the year	–	–	–	(5)	2,234	2,229	2,229
At 31 December 2008	10,013	–	144	(1)	5,854	5,997	16,010

Statements of Changes in Equity

for the financial year ended 31 December 2008

The Company	Share Capital (Note 27) $'000	Share application money (Note 28) $'000	Accumulated (losses)/profit $'000	Total reserve $'000	Total equity $'000
At 1 January 2007	–	100	(230)	(230)	(130)
Issuance of ordinary shares for cash	5,700	(100)	–	–	5,600
Loss for the year, representing total recognised expense for the year					
- as previously stated	–	–	(172)	(172)	(172)
- prior year adjustment	–	–	(319)	(319)	(319)
- as restated	–	–	(491)	(491)	(491)
At 31 December 2007	5,700	–	(721)	(721)	4,979
At 1 January 2008					
- as previously stated	5,700	–	(402)	(402)	5,298
- prior year adjustment	–	–	(319)	(319)	(319)
- as restated	5,700	–	(721)	(721)	4,979
Issuance of ordinary shares for cash	5,000	–	–	–	5,000
Share issue expense	(687)	–	–	–	(687)
Profit for the year, representing total recognised income for the year	–	–	2,292	2,292	2,292
At 31 December 2008	10,013	–	1,571	1,571	11,584

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 December 2008

	Note	The Group 2008 $'000	2007 $'000 Restated
Cash flows from operating activities:			
Profit before taxation		3,092	3,487
Adjustments for:			
Allowance for doubtful debts			
- amount due from associated company		89	116
- other receivables		10	–
Amortisation of intangible assets		77	76
Bad debts written off			
- loan to an associated company		–	13
Depreciation of property, plant and equipment		2,025	1,682
Gain on disposal of property, plant and equipment		(71)	(212)
Impairment loss on investment in associated companies		–	16
Interest expense		183	67
Interest income		(45)	(53)
Loss on disposal of subsidiary company		–	24
Property, plant and equipment written off		2	30
Currency realignment		(5)	4
Operating profit before changes in working capital		5,357	5,250
Increase in inventories		(215)	(108)
Decrease in trade and other receivables		87	751
Increase in deposits		(470)	(209)
Decrease/(increase) in prepayments		128	(443)
Increase/(decrease) in trade and other payables		511	(1,630)
Increase in other liabilities		48	15
Increase in provisions		6	29
Decrease in amount due to a related party		–	(2)
Increase in amount due from associated company		(9)	(7)
Cash flows from operations		5,443	3,646
Tax paid		(662)	(790)
Net cash flows from operating activities		4,781	2,856

Consolidated Cash Flow Statement
for the financial year ended 31 December 2008

	Note	The Group 2008 $'000	2007 $'000 Restated
Cash flows from investing activities:			
Purchase of property, plant and equipment		(3,190)	(5,263)
Purchase of intangible assets		(47)	(19)
Net cash inflow on disposal of subsidiary company (Note A)		–	153
Proceeds from disposal of property, plant and equipment		118	395
Interest received		46	54
Payment for club membership		(15)	(15)
Advances to associated company		(80)	(50)
Net cash flows used in investing activities		(3,168)	(4,745)
Cash flows from financing activities:			
Net proceeds from issue of new shares		4,313	–
Repayment of finance lease liabilities		(374)	(599)
Discharge of short-term securities pledge		1,000	–
Interest paid		(183)	(67)
Drawdown of bank loans		–	1,900
Repayment of bank loans		(693)	(144)
Dividends paid		–	(700)
Net cash flows from financing activities		4,063	390
Net increase/(decrease) in cash and cash equivalents		5,676	(1,499)
Cash and cash equivalents at the beginning of the financial year		3,893	5,392
Cash and cash equivalents at the end of the financial year	20	9,569	3,893

Consolidated Cash Flow Statement
for the financial year ended 31 December 2008

Note to the Cash Flow Statement

Note A: Summary of the cash flow effect resulting from the sale of 1901 Singapore Pte Ltd:

The values of the net assets and liabilities of 1901 Singapore Pte Ltd recorded in the consolidated financial statements as at the date of the sale were:

	$'000
Property, plant and equipment	274
Intangible assets	27
Inventories	20
Deposits	37
Prepayments	15
Cash and cash equivalents	27
Trade and other payables	(181)
Provisions	(3)
Deferred tax liabilities	(12)
Carrying value of net assets	204
Loss on sale of 100% interest	(24)
Sale consideration	180
Less: cash and cash equivalents of subsidiary company disposed	(27)
Net cash inflow on disposal of subsidiary company	153

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 December 2008

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 *Prior year adjustment*

The Institute of Certified Public Accountants of Singapore had withdrawn Statement of Recommended Accounting Practice 9: Initial Public Offering Costs ("RAP 9") effective from 1 January 2008. With the withdrawal of RAP 9, IPO costs that are not directly attributable to the issuance of shares are required to be recorded as expense in the income statement. This resulted in a change in accounting policy as the Group had previously applied RAP 9. In accordance with FRS 8: Accounting Policies, Changes in Accounting Estimates and Errors, this change in accounting policy will be applied retrospectively.

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

2.2 *Prior year adjustment (cont'd)*

The effect of the restatement on the income statement of the Group for the year ended 31 December 2007 is summarised below.

	$'000
Profit for the year, as previously stated	2,963
Prior year adjustment	
- initial public offering costs	(319)
Profit for the year, as restated	2,644

The effect of the restatement on the balance sheet of the Group as at 31 December 2007 is summarised below.

	$'000
Prepayments, as previously stated	896
Prior year adjustment	
- initial public offering costs	(319)
Prepayments, as restated	577

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

2.3 *FRS and Interpretation FRS not yet effective*

The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective for annual periods beginning on or after
FRS 1	:	Presentation of Financial Statements – Revised Presentation	1 January 2009
		Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Instrument in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	:	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items	1 July 2009
FRS 101	:	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	Share-based Payment - Vesting Conditions and Cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	:	Distribution of Non-cash Assets to Owners	1 July 2009

Management expects that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

FRS 1: Presentation of financial statements - Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

Notes to the Financial Statements

for the financial year ended 31 December 2008

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

2.3 *FRS and Interpretation FRS not yet effective (cont'd)*

FRS 108: Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2009.

2.4 *Functional and foreign currency*

(a) Functional currency

Management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) Foreign currency transaction

Transactions in foreign currencies are measured and are recorded on initial recognition in SGD 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 balance sheet date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary company.

(c) Foreign currency translation

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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

2.5 *Subsidiary companies and principles of consolidation*

(a) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies 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 are eliminated in full.

Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for by applying the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Pursuant to an agreement dated 9 November 2007, the Company acquired the entire issued and paid-up capital of Ten & Han Trading Pte Ltd, comprising 5,600,000 ordinary shares with effect from 12 November 2007. As this arrangement constitutes a re-organisation of companies under common control, the pooling of interest method of accounting was adopted in the preparation of the consolidated financial statements of the Group. Under this method of accounting, the results and cash flows of the Company and Ten & Han Trading Pte Ltd are combined from the beginning of the financial period in which the re-organisation occurred and their assets and liabilities combined at the amounts at which they were previously recorded as if they had been part of the Group for the whole of the current and preceding periods.

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

2.6 *Associated companies*

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated companies is measured in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of the profit and loss of the associated companies is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated companies. The associated companies are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated companies. Goodwill relating to associated companies is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated companies identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated companies in the period in which the investment is acquired.

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

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

In the Company's separate financial statements, investment in associated companies is accounted for at cost less impairment losses.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. Leasehold building is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold building at the balance sheet date.

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

2.7 *Property, plant and equipment (cont'd)*

Any revaluation surplus is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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

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

- Leasehold building – Over the remaining lease terms
- Machinery and equipment – 5 years to 10 years
- Motor vehicles – 5 years
- Renovation – 5 years to 10 years
- Electrical fittings – 5 years to 10 years
- Furniture – 5 years to 10 years
- Computers – 5 years

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

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

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic 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. The amortisation expense on intangible assets with finite lives is recognised in the income statement through the 'other operating expenses' line item.

<u>Computer software licences, club membership and franchise rights</u>

Computer software licences, club membership and franchise rights are stated at cost less accumulated amortisation and impairment in value. They are amortised on a straight-line basis over the following estimated useful lives:

- Computer software licences 5 years
- Club membership 20 years
- Franchise rights 5 years

2.9 *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 such indication exists, or when annual impairment assessment for an asset (i.e. an intangible asset with an indefinite useful life or an intangible asset not yet available for use) 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

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

2.9 *Impairment of non financial assets (cont'd)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.10 *Financial assets*

Financial assets are classified as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, or available-for-sale financial assets, as appropriate.

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised 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 has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

- **Loans and receivables**

  Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, or through the amortisation process.

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

2.11 *Cash and cash equivalents*

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

Cash and short-term deposits carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

2.12 *Trade and other receivables*

Trade and other receivables are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.13.

2.13 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

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

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

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

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

2.14 *Inventories*

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

In general, 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.

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

2.15 *Financial liabilities*

Financial liabilities include trade payables, which are normally settled on 7 to 60 days terms, other amount payable and payables to related parties.

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, less directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, or through the amortisation process.

2.16 *Borrowing costs*

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 ready for their intended use or sale.

2.17 *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.17 *Provisions (cont'd)*

Provisions are reviewed at each balance sheet date 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.

2.18 *Employee benefits*

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to national pension 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 accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.19 *Leases*

As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. 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 the income statement 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. Summary of significant accounting policies (cont'd)

2.20 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. The following specific recognition criteria must also be met before revenue is recognised.

(a) Outlet sales

Revenue from sale of goods is recognised net of goods and services tax and discounts upon the passing of title to the customer which generally coincides with delivery and acceptance of the goods sold.

(b) Franchise and royalties income

Franchise income is recognised as the services are rendered or the rights used, completion of the designated phases of the franchise set-up, or when the supplies of equipment and other tangible assets are delivered or title passed to franchisee.

Royalties income is recognised on a periodic basis as a percentage of the franchisees' turnover in accordance with terms as stated in the franchise agreement.

(c) Interest income

Interest income is recognised as interest accrues using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

2.21 *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments.

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

2.22 *Income taxes*

(a) Current tax

Current 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 by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) Deferred tax

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

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

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiary companies and associated companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

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

2.22 *Income taxes (cont'd)*

(b) Deferred tax (cont'd)

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

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(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, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.24 *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. Summary of significant accounting policies (cont'd)

2.25 *Contingencies*

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's 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 reporting date. These are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(a) Valuation of leasehold building

The Group has appointed a professional valuer to assess the fair value of leasehold building in accordance with its accounting policy. In determining the fair value, the valuer has determined the fair values using various methods of valuation which involve the making of certain assumptions and the use of estimates. In relying on the valuation report of the professional valuer, management has exercised judgement in arriving at a value which is reflective of current market conditions.

(b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the balance sheet date was $981,000 (2007: $820,000) and $732,000 (2007: $697,000) respectively.

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment at the balance sheet date is disclosed in Note 11 to the financial statements.

(b) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the loans and receivables for the Group at the balance sheet date are $10,073,000 (2007: $5,495,000).

4. Revenue

	The Group	
	2008	2007
	$'000	$'000
Outlet sales	48,274	40,339
Export sales	163	209
	48,437	40,548

5. Other operating income

	The Group	
	2008	2007
	$'000	$'000
Gain on disposal of property, plant and equipment	71	212
Government grants	–	70
Insurance compensation	8	8
Short-term deposit interest income	45	53
Royalties income	3	1
Franchise income	52	4
Sale of scrap oil	161	170
Sundry income	90	114
	430	632

6. Other operating expenses

	The Group	
	2008 $'000	2007 $'000 Restated
Allowance for doubtful debts		
- amount due from associated company	89	116
- other receivables	10	–
Amortisation of intangible assets	77	76
Bad debts written off		
- loan to an associated company	–	13
Depreciation of property, plant and equipment	647	554
Exchange difference	94	457
Impairment loss on investment in associated company	–	16
Loss on disposal of subsidiary company	–	24
Property, plant and equipment written off	2	30
Initial public offering costs (1)	638	319
Pre-opening expenses (2)	716	–
Others	–	4
	2,273	1,609

(1) Initial public offering costs were one-off expenses charged to the income statement following the withdrawal of RAP 9.

(2) Pre-opening expenses were expenses incurred for commencing new operations in Chengdu.

7. Finance costs

	The Group	
	2008	2007
	$'000	$'000
Interest expense:		
Finance lease liabilities	99	38
Bank loans	84	24
Bank overdrafts	–	5
	183	67

8. Profit before taxation

Profit before taxation is arrived at after charging the following:

	The Group	
	2008	2007
	$'000	$'000
Depreciation of property, plant and equipment	2,025	1,682
Employee benefits expense (including Directors)		
- salaries and bonuses	10,281	8,693
- Central Provident Fund	1,090	735
Non-audit fees paid to		
- auditors of the Company	12	18
Operating lease expenses	6,350	5,330
Staff training and benefits	216	120

9. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	The Group	
	2008	2007
	$'000	$'000
Current income tax:		
Current taxation	906	710
Over provision in respect of previous years	(83)	–
Deferred income tax:		
Movement in temporary differences	35	133
	858	843

9. Taxation (cont'd)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2008 and 2007 is as follows:

	The Group	
	2008 $'000	2007 $'000 Restated
Profit before taxation	3,092	3,487
Tax expense at 18%	557	628
Adjustments:		
Non-deductible expenses	411	343
Income not subject to taxation	(20)	(49)
Deferred tax assets not recognised	–	6
Effect of partial tax exemption	(28)	(28)
Effect of reduction in tax rate	–	(57)
Others	21	–
Over provision in respect of previous years	(83)	–
	858	843

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares.

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

The following table reflects the profit and loss and share data used in the computation of basic earnings per share for the years ended 31 December:

	The Group	
	2008	**2007** Restated
Profit for the year attributable to ordinary equity holders of the Company used in computation of basic earnings per share ($'000)	2,234	2,644
Weighted average number of ordinary shares for basic and diluted earnings per share	92,358,333	68,400,000

As there were no outstanding convertibles during the financial periods reported on, diluted earnings per share was the same as the basic earnings per share.

11. Property, plant and equipment

The Group	Leasehold building $'000 At Valuation	Machinery and equipment $'000 At Cost	Motor vehicles $'000 At Cost	Renovation $'000 At Cost	Electrical fittings $'000 At Cost	Furniture $'000 At Cost	Computers $'000 At Cost	Total $'000
Cost/valuation								
At 1 January 2007	2,339	3,890	1,521	1,322	1,290	652	1,214	12,228
Additions	375	990	618	1,915	640	1,168	62	5,768
Disposals	–	(3)	(762)	–	–	–	(4)	(769)
Arising from disposal of subsidiary company	–	(81)	–	(121)	(44)	(106)	(4)	(356)
Written off	–	(42)	–	(1)	(2)	(25)	–	(70)
Revaluation	(313)	–	–	–	–	–	–	(313)
Reclassification	(151)	(59)	–	–	210	–	–	–
At 31 December 2007 and 1 January 2008	2,250	4,695	1,377	3,115	2,094	1,689	1,268	16,488
Additions	–	722	542	923	416	648	685	3,936
Disposals	–	(1)	(272)	–	–	–	–	(273)
Written off	–	(26)	(14)	(8)	(18)	–	(5)	(71)
At 31 December 2008	2,250	5,390	1,633	4,030	2,492	2,337	1,948	20,080

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

The Group	Leasehold building $'000 At Valuation	Machinery and equipment $'000 At Cost	Motor vehicles $'000 At Cost	Renovation $'000 At Cost	Electrical fittings $'000 At Cost	Furniture $'000 At Cost	Computers $'000 At Cost	Total $'000
Accumulated depreciation								
At 1 January 2007	176	2,801	992	974	654	441	309	6,347
Charge for the year	38	407	250	326	219	192	250	1,682
Revaluation	(194)	–	–	–	–	–	–	(194)
Disposals	–	–	(585)	–	–	–	(1)	(586)
Arising from disposal of subsidiary company	–	(23)	–	(22)	(9)	(26)	(2)	(82)
Written off	–	(30)	–	(1)	(2)	(7)	–	(40)
Reclassification	8	(13)	–	–	5	–	–	–
At 31 December 2007 and 1 January 2008	28	3,142	657	1,277	867	600	556	7,127
Charge for the year	48	397	235	415	276	282	372	2,025
Disposals	–	–	(226)	–	–	–	–	(226)
Written off	–	(26)	(14)	(8)	(18)	–	(3)	(69)
At 31 December 2008	76	3,513	652	1,684	1,125	882	925	8,857
Net carrying amount								
At 31 December 2007	2,222	1,553	720	1,838	1,227	1,089	712	9,361
At 31 December 2008	2,174	1,877	981	2,346	1,367	1,455	1,023	11,223

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

Assets held under finance leases

During the financial year, the Group acquired motor vehicles and computers with an aggregate cost of $746,000 (2007: $505,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $3,190,000 (2007: $5,263,000).

The net carrying amount of motor vehicles and computers held under finance leases as at 31 December 2008 was $1,266,000 (2007: $910,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 25).

Revaluation of leasehold building

Leasehold building has been revalued at the balance sheet date based on valuation performed by an accredited independent valuer, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, on 18 April 2007, on the basis of open market valuation. If the leasehold building was measured using the cost method, the carrying amount as at 31 December 2008 would have been $2,102,000 (2007: $2,146,000).

The leasehold building is mortgaged to a bank for banking facilities granted to the Group (Note 24).

12. Intangible assets

The Group	Computer software licences (i) $'000	Club membership (ii) $'000	Franchise rights (iii) $'000	Total $'000
Cost				
At 1 January 2007	306	105	41	452
Additions	19	–	–	19
Arising from disposal of subsidiary company	(1)	–	(41)	(42)
At 31 December 2007 and 1 January 2008	324	105	–	429
Additions	47	–	–	47
At 31 December 2008	371	105	–	476

12. Intangible assets (cont'd)

The Group	Computer software licences (i) $'000	Club membership (ii) $'000	Franchise rights (iii) $'000	Total $'000
Accumulated amortisation				
At 1 January 2007	89	17	7	113
Amortisation for the year	64	5	7	76
Arising from disposal of subsidiary company	(1)	–	(14)	(15)
At 31 December 2007 and 1 January 2008	152	22	–	174
Amortisation for the year	72	5	–	77
At 31 December 2008	224	27	–	251
Net carrying amount				
At 31 December 2007	172	83	–	255
At 31 December 2008	147	78	–	225
Average remaining amortisation years				
- 2007	3	15	–	
- 2008	2	14	–	

(i) *Computer software licences*

Computer software licences are stated at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on a straight-line basis to write off the cost of software licences over a period of 5 years. Impairment testing will be performed annually and more frequently when an indication of impairment exists. Amortisation period and method will be reviewed annually.

(ii) *Club membership*

This relates to transferable membership in a golf club in Singapore which is stated at cost less accumulated amortisation and any impairment in value. Market value of the transferable membership as at 31 December 2008 is $150,000 (2007: $230,000).

12. Intangible assets (cont'd)

(iii) Franchise rights

Franchise rights are stated at cost less accumulated amortisation and impairment in value. Amortisation is calculated on a straight-line basis to write off the cost of franchise rights over a period of 5 years. Impairment testing will be performed annually and more frequently when an indication of impairment exists. Amortisation period and method will be reviewed annually.

13. Investment in subsidiary companies

	The Company	
	2008	**2007**
	$'000	**$'000**
Unquoted equity shares, at cost	6,300	5,700

Details of subsidiary companies are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2008	Proportion (%) of ownership interest 2007
Held by the Company:				
Ten & Han Trading Pte Ltd (1)	Singapore	Manufacture and distribution of food products and general trading	100	100
Ten & Han Food Management (Chengdu) Co., Ltd. (2)	People's Republic of China	Food & beverage management and consultancy, manufacture and operating retail food outlets	100	100
Old Chang Kee Australia Pty Ltd (3)	Australia	Dormant	100	100

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by Jianke Certified Public Accountant Co., Ltd., People's Republic of China.
(3) Audited by Richard Lukin & Associates Pty Ltd, Australia.

14. Investment in associated companies

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	34	110	34	110
Impairment losses	(34)	(82)	(34)	(110)
Share of post-acquisition reserves	–	(27)	–	–
Currency realignment	–	(1)	–	–
Net carrying amount of investments	–	–	–	–

Details of associated companies are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2008	2007
Old Chang Kee (M) Sdn Bhd (1)	Malaysia	Operating retail food outlets and general trading	40	40
Old Chang Kee (Thailand) Co. Ltd. (2)	Thailand	Dormant	40	40
Old Chang Kee (Chengdu) Co., Ltd. (3)	People's Republic of China	Liquidated in year 2008	–	35
Pure Options Pte Ltd (4)	Singapore	Struck off in year 2008	–	33

(1) Audited by Poo, Lee & Co., Malaysia.
(2) Audited by U.B. Audit Office, Thailand.
(3) Not audited as the company was liquidated.
(4) Audited by S.L. Chua & Co., Singapore.

The Group has not recognised losses relating to certain associated companies where its share of losses exceeds the Group's interest in these associated companies. The Group's cumulative share of unrecognised losses at the balance sheet date was $94,000 (2007: $67,000) of which $30,000 (2007: $45,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

14. Investment in associated companies (cont'd)

Impairment loss

Management carried out a review of the recoverable amount of its investment in associated companies during 2008. There is no impairment loss to be recognised in other operating expenses of the Group for the financial year ended 31 December 2008. For the financial year ended 31 December 2007, impairment losses recognised was $16,000.

The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2008 $'000	2007 $'000
Assets and liabilities:		
Current assets	72	87
Non-current assets	42	49
Other assets	41	9
Total assets	155	145
Current liabilities	53	60
Long-term liabilities	296	209
Total liabilities	349	269
Results:		
Revenue	244	222
Loss for the year	(76)	(113)

15. Amount due from associated companies

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current	177	22	175	–
Non-current	28	94	–	94
	205	116	175	94
Less: Allowance for doubtful debts	(205)	(116)	(175)	(94)
Net carrying amount	–	–	–	–

The current portion of amount due from associated companies is non-trade in nature, unsecured, interest-free and repayable upon demand.

The non-current portion of amount due from associated companies is non-trade in nature, unsecured, interest-free and not expected to be repaid within 12 months from the balance sheet date.

16. Deposits

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current	760	745	–	–
Non-current	1,275	820	–	–
	2,035	1,565	–	–

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

Deposits were denominated in the following currencies:

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Singapore Dollars	2,009	1,559	–	–
Renminbi	26	6	–	–
	2,035	1,565	–	–

17. Inventories

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	735	526	–	–
Sundry consumables	14	8	–	–
Total inventories at lower of cost and net realisable value	749	534	–	–
Income statement:				
Inventories recognised as an expense in cost of sales	16,697	14,180	–	–

18. Trade and other receivables

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	250	232	–	–
Other receivables	115	114	70	–
Advances for purchase of property, plant and equipment	139	256	–	–
	504	602	70	–

Trade receivables relate mainly to delivery sales and 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.

18. Trade and other receivables (cont'd)

The Group has trade receivables amounting to $202,000 (2007: $189,000) that is past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	2008 $'000	2007 $'000
Trade receivables past due:		
Lesser than 30 days	–	–
30 to 60 days	61	111
61 to 90 days	62	–
91 to 120 days	9	–
More than 120 days	70	78
	202	189

19. Amount due from/(to) subsidiary companies

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

20. Cash and bank balances

	The Group		The Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash in hand	42	43	–	–
Cash at banks	3,970	3,286	155	11
Short-term deposits	5,557	1,564	3,225	–
	9,569	4,893	3,380	11

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits is 0.36% (2007: 2.2%) per annum.

20. Cash and bank balances (cont'd)

A short-term deposit of $Nil (2007: $1 million) of the Group has been pledged as security for bank facilities granted by a financial institution.

Cash and bank balances were denominated in the following currencies:

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Singapore Dollars	9,281	4,783	3,380	11
Renminbi	288	110	–	–
	9,569	4,893	3,380	11

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	The Group	
	2008	2007
	$'000	$'000
Cash in hand	42	43
Cash at banks	3,970	3,286
Short-term deposits	5,557	1,564
	9,569	4,893
Less: Short-term deposits pledged as securities	–	(1,000)
	9,569	3,893

21. Trade and other payables

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade payables	3,057	2,486	–	–
Accruals	1,216	1,366	157	29
Sundry creditors	308	218	–	–
	4,581	4,070	157	29

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

Trade payables are denominated in the following currencies:

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Singapore Dollars	2,609	2,081	–	–
Thai Baht	448	403	–	–
Renminbi	–	2	–	–
	3,057	2,486	–	–

22. Other liabilities

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Foreign staff deposits	97	49	–	–

23. Provisions

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Provision for unconsumed leave	178	172	–	–

24. Bank loans

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current	657	693	–	–
Non-current	406	1,063	–	–
	1,063	1,756	–	–

Interest on bank loans are charged at 5.5% (2007: 5.5%) per annum and are payable by 24 to 48 equal monthly instalments. The bank loans are fully repayable on 12 November 2009 and 19 July 2011. Bank loans are secured by a charge over the Group's leasehold building and guarantee by a director.

25. Finance lease liabilities (Note 30(c))

Finance lease liabilities are secured by a charge over the leased assets (Note 11). The average discount rate implicit in the leases ranges from 4.20% to 6.68% (2007: 4.15% to 8.73%) per annum.

26. Deferred tax liabilities

	The Group		The Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance at beginning of year	697	576	–	–
Movement in temporary difference	35	133	–	–
Less: Arising from disposal of subsidiary company	–	(12)	–	–
Balance at end of year	732	697	–	–

Deferred taxation comprises:

	The Group		The Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(697)	(664)	–	–
Revaluation of leasehold building	(67)	(67)	–	–
	(764)	(731)	–	–
Deferred tax assets:				
Provisions	32	34	–	–
	(732)	(697)	–	–

27. Share capital

	The Group			
	2008		2007	
	No. of ordinary shares	$'000	No. of ordinary shares	$'000
Ordinary shares issued and fully paid				
At 1 January	68,400,000	5,700	700,002	700
Issuance of ordinary shares for cash	25,000,000	5,000	99,998	100
Share issue expenses	–	(687)	–	–
Bonus issue	–	–	4,900,000	4,900
Sub-division of one share into 12 shares	–	–	62,700,000	–
At 31 December	93,400,000	10,013	68,400,000	5,700

	The Company			
	2008		2007	
	No. of ordinary shares	$'000	No. of ordinary shares	$'000
Ordinary shares issued and fully paid				
At 1 January	68,400,000	5,700	2	–
Issuance of ordinary shares for cash	25,000,000	5,000	99,998	100
Shares issue expenses	–	(687)	–	–
Issuance of ordinary shares for acquisition of a subsidiary company	–	–	5,600,000	5,600
Sub-division of one share into 12 shares	–	–	62,700,000	–
At 31 December	93,400,000	10,013	68,400,000	5,700

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.

On 17 September 2007, the Group capitalised the sum of $4,900,000 from accumulated profits into 4,900,000 ordinary shares and allotted such shares to the holders of the ordinary shares in the capital of the Group in the proportion of 7 ordinary shares for every 1 ordinary share held.

On 14 January 2008, the Company issued 25,000,000 ordinary shares in the capital of the Company at an issue price of $0.20 for each ordinary share pursuant to its initial public offering.

28. Share application money

The share application money relates to funds received from the shareholders as additional capital injection to the Group. As at 31 December 2007, new shares have been allotted to the shareholders.

29. Reserves

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
		Restated		Restated
Accumulated profits/(losses)	5,854	3,620	1,571	(721)
Asset revaluation reserve	144	144	–	–
Foreign currency translation reserve	(1)	4	–	–
	5,997	3,768	1,571	(721)

(a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold building and decreases to the extent that such decrease relates to an increase in the same asset previously recognised in equity.

	The Group	
	2008	**2007**
	$'000	**$'000**
At 1 January	144	263
Net deficit on revaluation of leasehold building	–	(119)
At 31 December	144	144

29. Reserves (cont'd)

(b) Foreign currency translation reserve

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

	The Group	
	2008	**2007**
	$'000	**$'000**
At 1 January	4	–
Net effect of exchange differences arising from translation of financial statements of foreign operations	(5)	4
At 31 December	(1)	4

30. Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at balance sheet date but not recognised in the financial statements is as follows:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments in respect of property, plant and equipment	105	211	–	–

30. Commitments and contingencies (cont'd)

(b) Operating lease commitments - as lessee

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

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases recognised as an expense	6,350	5,330	–	–

Included in minimum lease payment is an amount of $796,000 (2007: $592,000) pertaining to contingent rental incurred during the year.

Future minimum rental payables under non-cancellable operating leases as at the balance sheet date are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Not later than one year	4,908	4,570	–	–
Later than one year but not later than five years	4,037	5,197	–	–
Later than five years	998	1,986	–	–
	9,943	11,753	–	–

30. Commitments and contingencies (cont'd)

(c) Finance lease commitments

The Group has finance leases for certain motor vehicles and computers. These leases have 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:

The Group	2008 Minimum lease payments $'000	2008 Present value of payments $'000	2007 Minimum lease payments $'000	2007 Present value of payments $'000
Not later than one year	275	213	268	234
Later than one year but not later than five years	914	807	483	394
Later than five years	89	87	133	107
Total minimum lease payments	1,278	1,107	884	735
Less: Amounts representing finance charges	(171)	–	(149)	–
Present value of minimum lease payments	1,107	1,107	735	735

(d) Contingent liabilities

As at 31 December 2008, the Company has provided corporate guarantee to a landlord of a subsidiary company for all monies due.

31. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if only 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.

31. Related party transactions (cont'd)

The following transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	The Group	
	2008	2007
	$'000	$'000
With related company		
Sale of raw materials	8	6
With director-related companies		
Rental expense paid	(50)	(12)
Advisory services fee and other professional fees paid	(52)	–

Compensation of key management personnel

	The Group	
	2008	2007
	$'000	$'000
Short-term employee benefits	1,487	1,480
Central Provident Fund contributions	39	37
Total compensation paid to key management personnel	1,526	1,517
Comprise amounts paid to:		
• Directors of the Company	1,279	1,265
• Other key management personnel	247	252

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

32. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and club membership payable based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Financial instruments carried at other than fair value

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

	The Group			
	2008		2007	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial liabilities:				
Bank loans	1,063	1,028	1,756	1,655
Finance lease liabilities	1,107	962	735	651

Methods and assumptions used to determine fair values

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates.

No amount has been recognised in the income statement in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique for the financial years ended 31 December 2008 and 31 December 2007.

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 Group does not have a formal policy on risk management. Exposure to key financial risks is monitored on an on-going basis and management will assess the extent of such risks in order to ensure that these risks are kept at a minimal level. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

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

(a) Credit risk

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

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

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18.

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

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

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 18.

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

(b) Liquidity risk

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

The Group seeks to maintain sufficient liquid financial assets and stand-by credit facilities to manage its liquidity risks. As at 31 December 2008, the Group had total bank and finance lease facilities of $5.5 million (2007: $6.9 million) of which $3.0 million (2007: $3.4 million) were utilised and the balance $2.5 million (2007: $3.5 million) remain unutilised.

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	The Group							
	2008				2007			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	4,581	–	–	4,581	4,070	–	–	4,070
Bank loans	698	425	–	1,123	777	1,123	–	1,900
Finance lease liabilities	275	914	89	1,278	268	483	133	884
Club membership payable	5	–	–	5	15	5	–	20
	5,559	1,339	89	6,987	5,130	1,611	133	6,874

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Company obtains financing through bank loans and finance lease facilities. The Company's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure. All the Group's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2007: less than 6 months) from the balance sheet date.

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:

The 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
2008								
Fixed rate								
Short-term deposits	20	5,557	–	–	–	–	–	5,557
Obligations under finance leases	30(c)	(213)	(215)	(229)	(241)	(122)	(87)	(1,107)
Floating rate								
Cash at banks	20	3,970	–	–	–	–	–	3,970
Bank loans	24	(657)	(257)	(149)	–	–	–	(1,063)
2007								
Fixed rate								
Short-term deposits	20	1,564	–	–	–	–	–	1,564
Obligations under finance leases	30(c)	(234)	(121)	(103)	(91)	(79)	(107)	(735)
Floating rate								
Cash at banks	20	3,286	–	–	–	–	–	3,286
Bank loans	24	(693)	(657)	(257)	(149)	–	–	(1,756)

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.

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

(c) Interest rate risk (cont'd)

Sensitivity analysis

At the balance sheet date, if interest rates had been 100 (2007: 100) basis points lower/higher with all other variables held constant, the Group's profit would have been $15,000 (2007: $4,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank loans.

(d) Foreign currency risk

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency, SGD. The foreign currencies in which these transactions are denominated are mainly Thai Baht ("THB"). Approximately 34% (2007: 42%) of the Group's purchases are denominated in foreign currencies.

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

Sensitivity analysis

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

		The Group	
		2008 $'000	2007 $'000
Thai Baht	– strengthened 5% (2007: 5%)	(287)	(294)
	– weakened 5% (2007: 5%)	287	294

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 years ended 31 December 2008 and 2007.

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

	The Group	
	2008	2007
	$'000	$'000
		Restated
Net debt:		
Trade and other payables (Note 21)	4,581	4,070
Other liabilities (Note 22)	97	49
Provisions (Note 23)	178	172
Bank loans (Note 24)	1,063	1,756
Finance lease liabilities (Note 30 (c))	1,107	735
Club membership payable	5	20
Less : cash and bank balances (Note 20)	(9,569)	(4,893)
	(2,538)	1,909
Capital:		
Equity attributable to the equity holders of the Company	16,010	9,468
Capital and net debt	13,472	11,377
Gearing ratio	– [1]	17%

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

35. Segment information

Business Segment

The Group operates in one line of business, being that of manufacture and distribution of food products. As such, the Group has not presented a breakdown of segment information by business segments.

Geographical segment

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December 2008 and 31 December 2007.

	Singapore		People's Republic of China		Total	
	2008 $'000	2007 $'000 Restated	2008 $'000	2007 $'000 Restated	2008 $'000	2007 $'000 Restated
Revenue:						
Sales to external customers	48,378	40,491	59	57	48,437	40,548
Results:						
Segment results	7,055	5,659	(324)	(12)	6,731	5,647
Depreciation	(2,019)	(1,682)	(6)	–	(2,025)	(1,682)
Amortisation	(77)	(76)	–	–	(77)	(76)
Impairment loss on investment in associated company	–	(16)	–	–	–	(16)
Finance costs	(183)	(67)	–	–	(183)	(67)
Initial public offering costs	(638)	(319)	–	–	(638)	(319)
Pre-opening expenses	–	–	(716)	–	(716)	–
Profit/(loss) before taxation	4,138	3,499	(1,046)	(12)	3,092	3,487
Taxation					(858)	(843)
Profit after taxation					2,234	2,644

35. Segment information (cont'd)

Geographical segment (cont'd)

	Singapore		People's Republic of China		Total	
	2008 $'000	2007 $'000 Restated	2008 $'000	2007 $'000 Restated	2008 $'000	2007 $'000 Restated
Other segment information:						
Segment assets	24,104	17,644	650	143	24,754	17,787
Capital expenditure						
- Tangible assets	3,620	5,761	316	7	3,936	5,768
- Intangible assets	37	19	10	–	47	19

36. Dividends

	The Group	
	2008 $'000	2007 $'000
Declared and paid during the financial year		
Dividends on ordinary shares:		
• Interim exempt (one-tier) dividend for 2008: $Nil (2007: $1.00) per share	–	700
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
• Final exempt (one-tier) dividend for 2008: $0.005 (2007: $Nil) per share	467	–

37. Subsequent events

On 22 February 2009, the Singapore Ministry of Finance announced in the Singapore Budget Statement for 2009 a number of changes:

Reduction in corporate tax rate

The corporate income tax rate will be reduced from 18% to 17% with effect from Year of Assessment 2010.

At the corporate income tax rate of 17%, the Company's deferred tax liabilities as at 31 December 2008 would have reduced by $41,000 to $691,000.

Job Credit Scheme

Employers will receive a 12% cash grant on the first $2,500 of each month's wages for each employee on their CPF payroll. The Jobs Credit is for one year, and employers will receive the Jobs Credit in 4 payments: March, June, September and December 2009.

For each payment, employers will receive Jobs Credits on the employees that are on their CPF payrolls at the start of the quarter in which payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12% cash credit that employers will receive.

In accordance with FRS 12: Income Taxes and FRS 10: Events after the Balance Sheet, both the items above are non-adjusting subsequent events and the financial effects will be reflected in the 31 December 2009 financial statements.

38. Comparative figures

Comparative figures in the financial statements have been changed to account for the prior year adjustment and to enhance comparability with the current year's financial statements.

The items were classified as follows:

	The Group	
	As previously stated	As restated
Presented in income statement		
Other operating expenses ($'000)	1,290	1,609
Earnings per share (cents)	4.33	3.87

	As previously stated		As restated	
	The Group $'000	The Company $'000	The Group $'000	The Company $'000
Presented in balance sheet				
Prepayments	896	91	577	25
Trade and other payables	–	504	–	29
Amount due to subsidiary companies	–	–	–	728

39. Authorisation of financial statements

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Directors on 31 March 2009.

Statistics of Shareholdings
as at 17 March 2009

Share Capital

Number of shares	:	93,400,000
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 ~ 999	–	–	–	–
1,000 ~ 10,000	572	78.04	1,616,000	1.73
10,001 ~ 1,000,000	153	20.87	8,484,000	9.08
1,000,001 and above	8	1.09	83,300,000	89.19
Total	733	100.00	93,400,000	100.00

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Han Keen Juan	54,720,000	58.59	6,840,000 (1)	7.32
Ng Choi Hong	6,840,000	7.32	54,720,000 (1)	58.59
Lim Tao-E William	6,840,000	7.32	–	–
Novena Holdings Limited	4,670,000	5.00	5,630,000 (2)	6.03

Notes:

(1) Han Keen Juan and Ng Choi Hong are husband and wife. Han Keen Juan is deemed to have an interest in the shares held by Ng Choi Hong and vice versa.

(2) Held in the name of Mayban Nominees (S) Pte Ltd.

Public Float

Based on the information available and to the best knowledge of the Company as at 17 March 2009, approximately 15.47% of the issued share capital of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Statistics of Shareholdings
as at 17 March 2009

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Han Keen Juan	54,720,000	58.59
2.	Lim Tao-E William	6,840,000	7.32
3.	Ng Choi Hong	6,840,000	7.32
4.	Mayban Nominees (S) Pte Ltd	5,630,000	6.03
5.	Novena Holdings Limited	4,670,000	5.00
6.	Koh Wee Meng	2,200,000	2.36
7.	Phillip Securities Pte Ltd	1,376,000	1.47
8.	Chew Thye Chuan	1,024,000	1.10
9.	UOB Kay Hian Pte Ltd	927,000	0.99
10.	Quek Kiok Lee	500,000	0.53
11.	Liow Yin Boon	283,000	0.30
12.	Law Kim Hong Rosalind	250,000	0.27
13.	Wang Tong Pang @ Wang Tong Peng	249,000	0.27
14.	Neo Kok Boon	231,000	0.25
15.	Seah Wee Lium (Xie WeiNian)	200,000	0.21
16.	DBS Nominees Pte Ltd	179,000	0.19
17.	Tan Sze Hong	120,000	0.13
18.	Ng Hung Meng	110,000	0.12
19.	Chong Sien Thye Albert	105,000	0.11
20.	Kuik Sing Beng	103,000	0.11
	Total	86,557,000	92.67

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Republic Polytechnic, 9 Woodlands Avenue 9, Singapore 738964, Lecture Theatre LRE5 (Building E5, Level 3), on Wednesday, 29 April 2009 at 2.00 p.m. to transact the following businesses:

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2008 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax-exempt (one-tier) dividend of 0.5 cents per ordinary share for the financial year ended 31 December 2008. **(Resolution 2)**

3. To approve the payment of Directors' fees of $147,000 for the financial year ended 31 December 2008 (2007: $4,000). **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:

   (a) Mr Lim Yen Heng (see Explanatory Note 1) **(Resolution 4)**

   (b) Mr Wong Chak Weng (see Explanatory Note 1) **(Resolution 5)**

5. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

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

7. Authority to allot and issue new shares of up to one hundred per centum (100%) of the total number of issued shares via a pro-rata renounceable rights issue

   "THAT authority be given to the Directors of the Company to issue new shares by way of a pro-rata renounceable rights issue ("Rights Shares") at any time provided that:

   (a) the aggregate number of Rights Shares does not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution;

(b) for the purpose of determining the aggregate number of Rights Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." (See Explanatory Note 2) **(Resolution 7)**

8. Authority to allot and issue new shares of up to twenty per centum (20%) of the total number of issued shares on a non pro-rata basis at a discount of up to 20% via placement exercise(s)

"THAT authority be given to the Directors of the Company to issue new shares by way of placement exercise(s) on a non pro-rata basis ("Placement Shares") at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Placement Shares does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution;

(b) the Placement Share must not be priced at more than twenty per centum (20%) discount to the weighted average price for trades done on the Singapore Exchange Securities Trading Limited for the full market day on which the placement agreement is signed. If trading in the Company's shares is not available for a full market day, the weighted average price will be based on the trades done on the preceding market day up to the time the placement agreement is signed.

(c) for the purpose of determining the aggregate number of Placement Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(d) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." (See Explanatory Note 3) **(Resolution 8)**

By Order of the Board

Chew Mei Li
Company Secretary

Singapore

14 April 2009

Explanatory Notes on Businesses to be Transacted:

(1) Mr Lim Yen Heng, if re-elected, will remain as member of the Remuneration Committee and Audit Committee. Mr Wong Chak Weng, if re-elected, will remain as Chairman of the Nominating Committee and continue as member of the Audit Committee and Remuneration Committee. Mr Wong Chak Weng will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(2) The Ordinary Resolution set out in item 7 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company up to 100% of its issued capital by way of a pro-rata renounceable rights issue.

(3) The Ordinary Resolution set out in item 8 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company up to 20% of its issued capital at a discount of up to 20% on a non pro-rata basis by way of placement exercise(s).

Notes:

(1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

(2) The instrument appointing the proxy must be deposited at the registered office of the Company at 2 Woodlands Terrace, Singapore 738427 not later than 48 hours before the time set for the Annual General Meeting.

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PROXY FORM

Old Chang Kee Ltd.

Company Registration No. 200416190W
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy Old Chang Kee Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We, ____ of

____

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

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

*and/or

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Republic Polytechnic, 9 Woodlands Avenue 9, Singapore 738964, Lecture Theatre LRE5 (Building E5, Level 3) on Wednesday, 29 April 2009 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
As Ordinary Business			
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2008		
2	Payment of proposed first and final tax-exempt (one-tier) dividend		
3	Approval of Directors' Fees		
4	Re-election of Lim Yen Heng as Director		
5	Re-election of Wong Chak Weng as Director		
6	Re-appointment of Ernst & Young LLP as Auditors		
As Special Business			
7	Authority to allot and issue new shares via renounceable rights issue		
8	Authority to allot and issue new shares via placement exercise(s)		

Dated this ________ day of ______________ 2009

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

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 130A of the Singapore Companies Act, Chapter 50), 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. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, 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.

4. 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.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 2 Woodlands Terrace Singapore 738427 not less than 48 hours before the time appointed for the Meeting.

6. 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.

7. 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 Singapore Companies Act, Chapter 50.

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 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Old Chang Kee since 1956 老曾记

Company Registration Number: 200416190W

Old Chang Kee Ltd., 2 Woodlands Terrace, Singapore 738427

Tel: (65) 6303 2400   Fax: (65) 6303 2415

Website: www.oldchangkee.com

Crab Claw OnStik

Chicken Nuggets OnStik

Fish Ball OnStik

Yam Feel'in

Gyoza OnStik

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