

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

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**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT  
FOR THE HALF YEAR ENDED 30 JUNE 2010**

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

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

| <b>Consolidated statement of<br/>comprehensive income</b>                               | <b>Group</b>           |                   |                                  |
|---|------------------------|-------------------|----------------------------------|
|   | <b>Half-Year Ended</b> |                   |                                  |
|   | <b>30-06-2010</b>      | <b>30-06-2009</b> | <b>Increase /<br/>(Decrease)</b> |
|   | <b>S\$'000</b>         | <b>S\$'000</b>    | <b>%</b>                         |
| <b>Revenue</b>  | 26,330                 | 24,790            | 6.2                              |
| Cost of sales   | (10,669)               | (9,632)           | 10.8                             |
| <b>Gross profit</b>   | 15,661                 | 15,158            | 3.3                              |
| <b>Other items of income</b>  |                        |                   |                                  |
| Interest income on short term deposits  | 8                      | 4                 | 100.0                            |
| Other income  | 358                    | 526               | (31.9)                           |
| <b>Other items of expenses</b>  |                        |                   |                                  |
| Selling and distribution expenses   | (10,843)               | (9,526)           | 13.8                             |
| Administrative expenses   | (3,422)                | (3,320)           | 3.1                              |
| Finance costs   | (35)                   | (55)              | (36.4)                           |
| Other expenses  | (590)                  | (495)             | 19.2                             |
| <b>Profit before taxation</b>   | 1,137                  | 2,292             | (50.4)                           |
| <b>Taxation</b>   | (177)                  | (402)             | (56.0)                           |
| <b>Profit, net of tax</b>   | 960                    | 1,890             | (49.2)                           |
| <b>Other comprehensive income</b>   |                        |                   |                                  |
| Exchange differences on translating foreign operations                                  | -                      | 4                 | (100.0)                          |
| <b>Other comprehensive income for the period, net of tax</b>                            | -                      | 4                 | (100.0)                          |
| <b>Total comprehensive income for the period, attributable to owners of the Company</b> | 960                    | 1,894             | (49.3)                           |

## 1(a)(ii)

**Notes to consolidated statement of comprehensive income**

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

|   | Group<br>Half Year Ended |            |                          |
|---|--------------------------|------------|--------------------------|
|   | 30-06-2010               | 30-06-2009 | Increase /<br>(Decrease) |
|   | S\$'000                  | S\$'000    | %                        |
| Allowance for doubtful debts<br>-amount due from associated company | 9                        | 18         | (50.0)                   |
| Amortisation of intangible assets                                   | 53                       | 42         | 26.2                     |
| Depreciation of property, plant and equipment                       | 1,382                    | 1,144      | 20.8                     |
| Gain in foreign exchange  | (6)                      | (16)       | ( 62.5)                  |
| Property, plant and equipment written off                           | 142                      | 88         | 61.4                     |
| Gain on disposal of property, plant and equipment                   | -                        | (1)        | 100.0                    |

2. The major components of taxation comprise:

|   | Group<br>Half Year Ended |            |                          |
|---|--------------------------|------------|--------------------------|
|   | 30-06-2010               | 30-06-2009 | Increase /<br>(Decrease) |
|   | S\$'000                  | S\$'000    | %                        |
| Current income tax                          |                          |            |                          |
| - Current income taxation                   | 255                      | 414        | (38.4)                   |
| - Under provision in respect of prior years | -                        | 9          | 100.0                    |
| Deferred income tax                         |                          |            |                          |
| - Movement in temporary differences         | (78)                     | 23         | NM                       |
| - Change in tax rate                        | -                        | (44)       | 100.0                    |
| Taxation                                    | 177                      | 402        | (56.0)                   |

NM: Not meaningful

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

|   | <b>Group</b>      |                   | <b>Company</b>    |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | <b>As at</b>      |                   | <b>As at</b>      |                   |
|   | <b>30-06-2010</b> | <b>31-12-2009</b> | <b>30-06-2010</b> | <b>31-12-2009</b> |
|   | <b>S\$'000</b>    | <b>S\$'000</b>    | <b>S\$'000</b>    | <b>S\$'000</b>    |
| <b>Non-Current Assets</b>                           |                   |                   |                   |                   |
| Property, plant and equipment                       | 11,347            | 10,967            | -                 | -                 |
| Intangible assets                                   | 282               | 331               | 145               | 160               |
| Investment in subsidiary companies                  | -                 | -                 | 5,700             | 5,600             |
| Investment in unquoted shares                       | 273               | 273               | 273               | 273               |
| Amount due from subsidiary company                  | -                 | -                 | 1,020             | 1,020             |
| Long term deposits                                  | 1,537             | 1,456             | -                 | -                 |
|   | <u>13,439</u>     | <u>13,027</u>     | <u>7,138</u>      | <u>7,053</u>      |
| <b>Current Assets</b>                               |                   |                   |                   |                   |
| Inventories   | 590               | 649               | -                 | -                 |
| Trade and other receivables                         | 739               | 390               | -                 | 61                |
| Deposits  | 621               | 710               | 1                 | -                 |
| Prepayments   | 693               | 676               | 144               | 38                |
| Amount due from subsidiary companies                | -                 | -                 | 39                | 362               |
| Cash and bank balances                              | 8,725             | 11,912            | 3,169             | 6,142             |
|   | <u>11,368</u>     | <u>14,337</u>     | <u>3,353</u>      | <u>6,603</u>      |
| <b>Current Liabilities</b>                          |                   |                   |                   |                   |
| Trade and other payables                            | 3,703             | 4,255             | 368               | 924               |
| Other liabilities                                   | 114               | 129               | -                 | -                 |
| Provisions  | 242               | 207               | -                 | -                 |
| Bank loans  | 257               | 257               | -                 | -                 |
| Finance lease liabilities                           | 236               | 216               | -                 | -                 |
| Provision for taxation                              | 719               | 849               | 10                | 9                 |
|   | <u>5,271</u>      | <u>5,913</u>      | <u>378</u>        | <u>933</u>        |
| <b>Net Current Assets</b>                           | <b>6,097</b>      | <b>8,424</b>      | <b>2,975</b>      | <b>5,670</b>      |
| <b>Non-Current Liabilities</b>                      |                   |                   |                   |                   |
| Bank loans  | 21                | 150               | -                 | -                 |
| Finance lease liabilities                           | 626               | 679               | -                 | -                 |
| Deferred tax liabilities                            | 698               | 776               | -                 | -                 |
|   | <u>1,345</u>      | <u>1,605</u>      | <u>-</u>          | <u>-</u>          |
| <b>Net Assets</b>                                   | <b>18,191</b>     | <b>19,846</b>     | <b>10,113</b>     | <b>12,723</b>     |
| <b>Equity attributable to owners of the Company</b> |                   |                   |                   |                   |
| Share capital                                       | 10,013            | 10,013            | 10,013            | 10,013            |
| Retained earnings                                   | 8,030             | 9,685             | 100               | 2,710             |
| Other reserves                                      | 148               | 148               | -                 | -                 |
| <b>Total Equity</b>                                 | <b>18,191</b>     | <b>19,846</b>     | <b>10,113</b>     | <b>12,723</b>     |

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

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

| <b>As at 30-06-2010</b>    |                              | <b>As at 31-12-2009</b>    |                              |
|----------------------------|------------------------------|----------------------------|------------------------------|
| <b>Secured<br/>S\$'000</b> | <b>Unsecured<br/>S\$'000</b> | <b>Secured<br/>S\$'000</b> | <b>Unsecured<br/>S\$'000</b> |
| 493                        | -                            | 473                        | -                            |

**Amount repayable after one year**

| <b>As at 30-06-2010</b>    |                              | <b>As at 31-12-2009</b>    |                              |
|----------------------------|------------------------------|----------------------------|------------------------------|
| <b>Secured<br/>S\$'000</b> | <b>Unsecured<br/>S\$'000</b> | <b>Secured<br/>S\$'000</b> | <b>Unsecured<br/>S\$'000</b> |
| 647                        | -                            | 829                        | -                            |

**Details of any collateral**

The Group's borrowings are secured as follows:

1. Bank loans are secured by a first legal mortgage on the leasehold property owned by a company in the Group as at 30 June 2010 and 31 December 2009 and corporate guarantee by the Company as at 30 June 2010 and 31 December 2009.
2. Finance lease obligations are secured by the lessors' title to the respective leased assets.

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

|   | <b>Group</b>        |                   |
|---|---------------------|-------------------|
|   | <b>Period Ended</b> |                   |
|   | <b>30-06-2010</b>   | <b>30-06-2009</b> |
|   | <b>S\$'000</b>      | <b>S\$'000</b>    |
| <b>Cash flows from operating activities</b>                         |                     |                   |
| Profit before taxation  | 1,137               | 2,292             |
| Adjustments for:  |                     |                   |
| Allowance for doubtful debts  |                     |                   |
| - amount due from associated company                                | 9                   | 18                |
| Amortisation of intangible assets                                   | 53                  | 42                |
| Depreciation of property, plant and equipment                       | 1,382               | 1,144             |
| Gain on disposal of property, plant and equipment                   | -                   | (1)               |
| Property, plant and equipment written off                           | 142                 | 88                |
| Interest expense  | 35                  | 55                |
| Interest income   | (8)                 | (4)               |
| Currency realignment  | -                   | 4                 |
| <b>Operating profit before changes in working capital</b>           | <b>2,750</b>        | <b>3,638</b>      |
| Decrease in inventories   | 59                  | 87                |
| (Increase)/decrease in trade and other receivables                  | (349)               | 75                |
| Decrease/(increase) in deposits                                     | 8                   | (98)              |
| (Increase)/decrease in prepayments                                  | (17)                | 57                |
| Decrease in trade and other payables                                | (552)               | (915)             |
| (Decrease)/increase in other liabilities                            | (15)                | 22                |
| Increase in provisions  | 35                  | 10                |
| <b>Cash flows from operations</b>                                   | <b>1,919</b>        | <b>2,876</b>      |
| Tax paid  | (385)               | (436)             |
| <b>Net cash flows from operating activities</b>                     | <b>1,534</b>        | <b>2,440</b>      |
| <b>Cash flows from investing activities</b>                         |                     |                   |
| Purchase of property, plant and equipment                           | (1,830)             | (843)             |
| Purchase of intangible assets                                       | (4)                 | (27)              |
| Proceeds from disposal of property, plant and equipment             | -                   | 1                 |
| Interest received   | 8                   | 4                 |
| Payment for club membership   | -                   | (165)             |
| Advances to associated companies                                    | (9)                 | (18)              |
| <b>Net cash flows used in investing activities</b>                  | <b>(1,835)</b>      | <b>(1,048)</b>    |
| <b>Cash flows from financing activities</b>                         |                     |                   |
| Repayment of finance lease liabilities                              | (107)               | (110)             |
| Interest paid   | (35)                | (55)              |
| Repayment of bank loans   | (129)               | (347)             |
| Dividends paid  | (2,615)             | (467)             |
| <b>Net cash flows used in financing activities</b>                  | <b>(2,886)</b>      | <b>(979)</b>      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>         | <b>(3,187)</b>      | <b>413</b>        |
| Cash and cash equivalents at the beginning of the financial period  | 11,912              | 9,569             |
| <b>Cash and cash equivalents at the end of the financial period</b> | <b>8,725</b>        | <b>9,982</b>      |

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

**Attributable to equity holders of the Company**

| <b>The Group</b>                          | <b>Share capital</b><br>S\$'000 | <b>Retained earnings</b><br>S\$'000 | <b>Other reserves</b><br>S\$'000 | <b>Foreign currency translation reserve</b><br>S\$'000 | <b>Asset revaluation reserve</b><br>S\$'000 | <b>Total equity</b><br>S\$'000 |
|---|---------------------------------|-------------------------------------|----------------------------------|--|---|--------------------------------|
| <b>At 1-1-2009</b>                        | 10,013                          | 5,854                               | 143                              | (1)  | 144   | 16,010                         |
| Dividends on ordinary shares              | -                               | (467)                               | -                                | -  | -   | (467)                          |
| Total comprehensive income for the period | -                               | 1,890                               | 4                                | 4  | -   | 1,894                          |
| <b>At 30-06-2009</b>                      | <b>10,013</b>                   | <b>7,277</b>                        | <b>147</b>                       | <b>3</b>   | <b>144</b>                                  | <b>17,437</b>                  |
| <b>At 1-1-2010</b>                        | 10,013                          | 9,685                               | 148                              | 4  | 144   | 19,846                         |
| Dividends on ordinary shares              | -                               | (2,615)                             | -                                | -  | -   | (2,615)                        |
| Total comprehensive income for the period | -                               | 960                                 | -                                | -  | -   | 960                            |
| <b>At 30-06-2010</b>                      | <b>10,013</b>                   | <b>8,030</b>                        | <b>148</b>                       | <b>4</b>   | <b>144</b>                                  | <b>18,191</b>                  |

| <b>The Company</b>                        | <b>Share capital</b><br>S\$'000 | <b>Retained earnings</b><br>S\$'000 | <b>Total equity</b><br>S\$'000 |
|---|---------------------------------|-------------------------------------|--------------------------------|
| <b>At 1-1-2009</b>                        | 10,013                          | 1,571                               | 11,584                         |
| Dividends on ordinary shares              | -                               | (467)                               | (467)                          |
| Total comprehensive income for the period | -                               | (912)                               | (912)                          |
| <b>At 30-06-2009</b>                      | <b>10,013</b>                   | <b>192</b>                          | <b>10,205</b>                  |
| <b>At 1-1-2010</b>                        | 10,013                          | 2,710                               | 12,723                         |
| Dividends on ordinary shares              | -                               | (2,615)                             | (2,615)                        |
| Total comprehensive income for the period | -                               | 5                                   | 5                              |
| <b>At 30-06-2010</b>                      | <b>10,013</b>                   | <b>100</b>                          | <b>10,113</b>                  |

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

There was no change in the Company's share capital since the end of the previous period reported on.

There were no unissued ordinary shares that may be issued on conversion of outstanding convertibles as at 30 June 2010 (31 December 2009 : Nil) and there were no treasury shares held as at 30 June 2010 (31 December 2009 : Nil).

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

|   | <b>30-06-2010</b> | <b>31-12-2009</b> |
|---|-------------------|-------------------|
| Total number of issued shares (excluding treasury shares) | 93,400,000        | 93,400,000        |

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

Not applicable.

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

The figures in this announcement have not been audited or reviewed by the auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2009, except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became mandatory from 1 January 2010.

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

None.

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

| Earnings per ordinary share of the Group after deducting any provision for preference dividends:- | Group<br>Half Year Ended |            |
|---|--------------------------|------------|
|   | 30-06-2010               | 30-06-2009 |
| (a) Based on weighted average number of ordinary shares in issue; and                             | 1.03 cts                 | 2.02 cts   |
| (b) On a fully diluted basis  | 1.03 cts                 | 2.02 cts   |

Basic earnings per ordinary share is computed based on the following weighted average number of ordinary shares in issue during the respective financial period:

|   | Group<br>Half Year Ended |            |
|---|--------------------------|------------|
|   | 30-06-2010               | 30-06-2009 |
| (a) Based on weighted average number of ordinary shares in issue; and | 93,400,000               | 93,400,000 |
| (b) On a fully diluted basis  | 93,400,000               | 93,400,000 |

Fully diluted earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding convertibles. As there were no outstanding convertibles during the financial periods reported on, fully diluted earnings per share was the same as basic earnings per share.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

|  | Group      |            | Company    |            |
|--|------------|------------|------------|------------|
|  | 30-06-2010 | 31-12-2009 | 30-06-2010 | 31-12-2009 |
| Net asset value per ordinary share based on issued share capital as at the end of the financial period reported on | S\$0.19    | S\$0.21    | S\$0.11    | S\$0.14    |
| Issued share capital as at the end of the period   | 93,400,000 | 93,400,000 | 93,400,000 | 93,400,000 |

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

### **Revenue**

The Group's revenue increased from approximately S\$24.8 million in 1HFY2009 to S\$26.3 million in 1HFY2010, an increase of approximately S\$1.5 million or 6.2%.

Revenue from the retail division increased from approximately S\$24.0 million to S\$25.3 million, an increase of approximately \$1.3 million or 5.7%.

Revenue from other services such as delivery and catering services increased from approximately S\$807,000 to S\$984,000, an increase of approximately S\$177,000 or 21.9%.

As at 30 June 2010, the Group operates a total of 75 outlets in Singapore as compared to 74 outlets as at 30 June 2009.

The Group's signature curry puffs remained the major contributor to our revenue and accounted for approximately 36.1% of our revenue in 1HFY2010 as compared to approximately 38.0% in 1HFY2009.

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

Cost of sales increased from approximately S\$9.6 million in 1HFY2009 to S\$10.7 million in 1HFY2010, an increase of approximately S\$1.1 million or 10.8%. The increase was largely attributable to higher revenue achieved in 1HFY2010.

Cost of sales increased from 38.9% of revenue in 1HFY2009 to 40.5% in 1HFY2010. The increase was mainly attributed to higher raw material costs.

The Group's gross profit increased from approximately S\$15.2 million in 1HFY2009 to S\$15.7 million in 1HFY2010, an increase of approximately S\$503,000 or 3.3%. The Group's gross profit margin decreased from approximately 61.1% of revenue in 1HFY2009 to 59.5% in 1HFY2010. The decrease was mainly due to higher raw material costs.

### **Other income**

Other income decreased from approximately S\$526,000 in 1HFY2009 to S\$358,000 in 1HFY2010, a decrease of approximately S\$168,000 or 31.9%.

Grants received under the Jobs Credit Scheme (JCS) in 1HFY2010 were approximately S\$170,000 as compared to S\$416,000 in 1HFY2009, a reduction of approximately S\$246,000.

In 1HFY2010, revenue from the sale of waste oil was S\$61,000 higher than that achieved in 1HFY2009.

### **Operating Expenses**

Selling and distribution (S & D) expenses increased from approximately S\$9.5 million to S\$10.8 million, an increase of approximately S\$1.3 million or 13.8%. As at 30 June 2010, S & D expenses amounted to approximately 41.2% of revenue as compared to 38.4% in 1HFY2009.

The increase in S & D expenses was largely attributed to the following:-

- 1) Staff benefit expenses increased from approximately 15.7% of revenue in 1HFY2009 to 16.9% in 1HFY2010.

- 2) Operating lease expenses (rental) increased by approximately S\$236,000 or 7.2%, mainly due to the increase in the number of outlets from 74 in 1HFY2009 to 75 in 1HFY2010.
- 3) Advertising and promotion expenses increased by approximately S\$136,000 or 65.8% mainly due to an increase in sales promotion events.

Administrative expenses increased by approximately S\$102,000 or 3.1%, due mainly to higher staff cost as a result of the tight labour market.

Other expenses increased by approximately S\$95,000 or 19.2%, largely attributed to property, plant and equipment written off due to the closure of outlets. Property, plant and equipment written off increased from approximately S\$88,000 in 1HFY2009 to S\$142,000 in 1HFY2010.

Total operating expenses increased from approximately S\$13.4 million in 1HFY2009 to S\$14.9 million in 1HFY2010, an increase of approximately S\$1.5 million or 11.2%. Total operating expenses amounted to approximately 56.6% of revenue in 1HFY2010, as compared to approximately 54.0% in 1HFY2009.

### **Depreciation**

Depreciation increased from approximately S\$1.1 million in 1HFY2009 to S\$1.4 million in 1HFY2010, an increase of approximately S\$0.3 million or 20.8%. The increase was mainly due to renovation costs and additions of plant and equipment for the Group's new outlets and factory facility in 1HFY2010.

### **Finance costs**

Finance costs decreased from approximately S\$55,000 in 1HFY2009 to S\$35,000 in 1HFY2010, a decrease of approximately S\$20,000 or 36.4%. This was mainly due to lower outstanding bank loans and finance lease liabilities.

### **Profit before taxation**

The Group's profit before taxation for 1HFY2010 decreased from approximately S\$2.3 million in 1HFY2009 to S\$1.1 million in 1HFY2010, a decrease of approximately S\$1.2 million or 50.4%.

### **Taxation**

The Group's taxation expenses decreased from approximately S\$402,000 to S\$177,000, a decrease of approximately S\$225,000 or 56.0%. This was mainly attributed to the lower profit before taxation for the current period under review.

### **Balance Sheet**

The Group's non-current assets increased by approximately S\$412,000 or 3.2% to S\$13.4 million as at 30 June 2010.

The increase was mainly due to renovation cost and additions of plant and equipment amounting to approximately S\$1.8 million for the Group's new outlets and factory facility, offset by depreciation expenses of approximately S\$1.4 million.

The Group's current assets decreased by approximately S\$3.0 million or 20.7% from approximately S\$14.3 million as at FY2009 to S\$11.4 million as at 1HFY2010 mainly due to the decrease in cash and bank balances. This was mainly attributed to dividends paid to shareholders of approximately S\$2.6 million, and the purchase of property, plant and equipment amounting to approximately S\$1.8 million, offset by cash flow from operating activities of approximately S\$1.5 million for the period under review. The decrease in the Group's current assets was partially offset by higher trade and other receivables of approximately \$349,000, mainly attributed to sales to a strategic business partner.

The Group's non-current liabilities and current liabilities decreased by approximately S\$260,000 and S\$642,000 respectively. This was mainly due to lower liabilities for trade and other payables, bank loans,

finance leases and provision for taxation. The decrease in trade and other payables was mainly attributed to lower accrued staff incentives.

As at 1HFY2010, the Group had a net working capital of approximately S\$6.1 million.

As at 1HFY2010, the Group had total bank and finance lease facilities of approximately S\$5.3 million, of which approximately S\$2.1 million had been utilised. The effective interest rates of the finance lease liabilities incurred were between 4.53% to 6.44% per annum, with repayment periods of between 15 months and 60 months from 30 June 2010.

### **Cash flow**

In 1HFY2010, the Group generated an operating profit before working capital changes of approximately S\$2.8 million. Together with net cash outflow of approximately S\$831,000 from working capital changes and tax paid of approximately S\$385,000, net cash generated from operating activities amounted to approximately S\$1.5 million. The net cash outflow from working capital changes comprised mainly an increase in trade and other receivables, offset by a decrease in trade and other payables.

In 1HFY2010, net cash used in investing activities amounted to approximately S\$1.8 million. This was mainly attributed to renovation costs and the purchase of plant and equipment for the Group's new retail outlets and factory facility.

Net cash used in financing activities amounted to approximately S\$2.9 million in 1HFY2010. This was mainly attributed to dividend paid to shareholders amounting to approximately S\$2.6 million and repayment of bank loans and finance lease liabilities of approximately S\$271,000, including interest paid.

The Group's cash and cash equivalents decreased by approximately S\$3.2 million to S\$8.7 million as at 30 June 2010, as compared to approximately S\$11.9 million as at 31 December 2009.

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

Not applicable.

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

The Group expects operating lease expenses (rental) and labour and raw material costs to remain high in the next reporting period.

As announced by the Government on 13 October 2009, the Jobs Credit Scheme will cease after the final payment in June 2010. This, together with the high operating lease expenses (rental) and labour and raw material costs, will have an impact on the Group's financial results for the next reporting period.

**11 Dividend.**

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

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

None.

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

Whether an interim (final) ordinary dividend has been declared (recommended) for the previous corresponding period?

None.

**(c) Date payable.**

Not applicable.

**(d) Books closure date.**

Not applicable.

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

No interim dividend for the half year ended 30 June 2010 has been recommended.

**13 Interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual.**

| <b>Name of interested person</b> | <b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b> | <b>Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b> |
|----------------------------------|---|--|
| Not applicable                   | Not applicable  | Not applicable   |

**14 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

We, Han Keen Juan and Lim Tao-E William, being two of the Directors of Old Chang Kee Ltd. (the "Company"), do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year results for the financial period ended 30 June 2010 to be false or misleading in any material respects.

On behalf of the Board of Directors:

Han Keen Juan  
Director

Lim Tao-E William  
Director

**BY ORDER OF THE BOARD**

**Adrian Chan Pengee**  
Company Secretary

6 August 2010

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Foo Quee Yin.  
Telephone number: 6221 0271