

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

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013**

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

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

	The Group		Increase / (Decrease) %
	Half Year Ended		
	30-09-2013 S\$'000	30-09-2012 S\$'000	
<b>Revenue</b>	34,854	32,211	8.2
Cost of sales	(13,220)	(12,702)	4.1
<b>Gross profit</b>	21,634	19,509	10.9
<b>Other items of income</b>			
Interest income on short term deposits	20	20	-
Other income	408	438	(6.8)
<b>Other items of expenses</b>			
Selling and distribution expenses	(12,523)	(12,640)	(0.9)
Administrative expenses	(4,827)	(4,514)	6.9
Finance costs	(32)	(13)	146.2
Other expenses	(350)	(412)	(15.0)
<b>Profit before tax for the period</b>	4,330	2,388	81.3
Income tax expense	(635)	(412)	54.1
<b>Profit, net of tax for the period</b>	3,695	1,976	87.0
<b>Other comprehensive income:</b>			
Exchange differences on translating foreign operations	3	16	(81.3)
<b>Other comprehensive income for the period, net of tax</b>	3	16	(81.3)
<b>Total comprehensive income for the period, attributable to owners of the Company</b>	3,698	1,992	85.6

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

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

	Group Half Year Ended		
	30-09-2013	30-09-2012	Increase / (Decrease)
	S\$'000	S\$'000	%
Write-back of allowance for doubtful debts	(15)	(7)	114.3
Amortisation of intangible assets	10	14	(28.6)
Depreciation of property, plant and equipment	1,762	1,820	(3.2)
Interest income from short-term deposits	(20)	(20)	-
Loss/(gain) in foreign exchange	17	(95)	NM
Property, plant and equipment written off	4	128	(96.9)
Loss on disposal of property, plant and equipment	-	2	NM

NM: Not meaningful

2. The major components of taxation comprise:

	Group Half Year Ended		
	30-09-2013	30-09-2012	Increase / (Decrease)
	S\$'000	S\$'000	%
Current income tax - Current income taxation	760	558	36.2
Deferred income tax - Movement in temporary differences	(125)	(146)	(14.4)
Taxation recognised in the consolidated statement of comprehensive income	635	412	54.1

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>The Group</b>		<b>The Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30-09-2013</b>	<b>31-03-2013</b>	<b>30-09-2013</b>	<b>31-03-2013</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	18,654	18,774	-	-
Intangible assets	34	39	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Long term deposits	1,658	1,598	-	-
	<u>20,619</u>	<u>20,684</u>	<u>5,913</u>	<u>5,913</u>
<b>Current Assets</b>				
Inventories	571	794	-	-
Trade and other receivables	231	236	-	-
Deposits	965	995	-	-
Prepayments	1,083	1,004	25	26
Amount due from associated companies	330	331	329	330
Amount due from subsidiary companies	-	-	3,312	3,492
Cash and bank balances	19,925	16,661	5,998	7,722
	<u>23,105</u>	<u>20,021</u>	<u>9,664</u>	<u>11,570</u>
<b>Current Liabilities</b>				
Trade and other payables	6,393	5,171	1,119	1,260
Other liabilities	148	134	-	-
Provisions	1,905	1,808	-	-
Bank loans	336	336	-	-
Finance lease liabilities	172	192	-	-
Provision for taxation	1,450	1,298	12	12
	<u>10,404</u>	<u>8,939</u>	<u>1,131</u>	<u>1,272</u>
<b>Net Current Assets</b>	12,701	11,082	8,533	10,298
<b>Non-Current Liabilities</b>				
Bank loans	2,800	2,968	-	-
Finance lease liabilities	107	188	-	-
Deferred tax liabilities	733	858	-	-
	<u>3,640</u>	<u>4,014</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u>29,680</u>	<u>27,752</u>	<u>14,446</u>	<u>16,211</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	13,964	13,897	13,964	13,897
Retained earnings	12,378	10,498	482	2,292
Other reserves	3,338	3,357	-	22
<b>Total Equity</b>	<u>29,680</u>	<u>27,752</u>	<u>14,446</u>	<u>16,211</u>

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

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

<b>As at 30-09-2013</b>		<b>As at 31-03-2013</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
508	-	528	-

**Amount repayable after one year**

<b>As at 30-09-2013</b>		<b>As at 31-03-2013</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
2,907	-	3,156	-

**Details of any collateral**

The Group's borrowings are secured as follows:

1. Bank loan is secured by:
  - (i) a first legal mortgage on leasehold properties owned by a wholly owned subsidiary as at 30 September 2013; and
  - (ii) corporate guarantee by the Company as at 30 September 2013.
2. Finance lease obligations are secured by the lessors' title to the respective leased assets.

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

	Group	
	30-09-2013	30-09-2012
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,330	2,388
Adjustments for:		
Amortisation of intangible assets	10	14
Depreciation of property, plant and equipment	1,762	1,820
Loss on disposal of property, plant and equipment	-	2
Property, plant and equipment written off	4	128
Intangible assets written off	-	1
Interest expense	32	13
Interest income	(20)	(20)
Currency realignment	62	68
<b>Operating profit before changes in working capital</b>	<u>6,180</u>	<u>4,414</u>
Decrease/(increase) in inventories	223	(140)
Decrease in trade and other receivables	5	18
Decrease/(increase) in amount due from associated companies	1	(152)
Increase in deposits	(30)	(179)
(Increase)/decrease in prepayments	(79)	98
Increase in trade and other payables	1,222	45
Increase in other liabilities	14	38
Increase/(decrease) in provisions	17	(89)
<b>Cash flows from operations</b>	<u>7,553</u>	<u>4,053</u>
Tax paid	(608)	(916)
<b>Net cash flows from operating activities</b>	<u>6,945</u>	<u>3,137</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,625)	(1,302)
Purchase of intangible assets	(5)	-
Interest received	20	20
<b>Net cash flows used in investing activities</b>	<u>(1,610)</u>	<u>(1,282)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares pursuant to warrants exercised	47	47
Repayment of finance lease liabilities	(101)	(176)
Interest paid	(32)	(13)
Repayment of bank loans	(168)	-
Dividends paid	(1,817)	(1,437)
<b>Net cash flows used in financing activities</b>	<u>(2,071)</u>	<u>(1,579)</u>
<b>Net increase in cash and cash equivalents</b>	3,264	276
Cash and cash equivalents at the beginning of the financial period	<u>16,661</u>	<u>15,923</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>19,925</u></u>	<u><u>16,199</u></u>

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

**Equity attributable to owners of the Company**

<b>The Group</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Foreign currency translation reserve</b>	<b>Warrant reserve</b>	<b>Asset revaluation reserve</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>At 01-04-2012</b>	10,286	12,999	1,197	(23)	1,076	144	24,482
Profit for the period	-	1,976	-	-	-	-	1,976
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations	-	-	16	16	-	-	16
Total comprehensive income for the period	-	1,976	16	16	-	-	1,992
Dividends on ordinary shares	-	(1,437)	-	-	-	-	(1,437)
Issuance of ordinary shares pursuant to warrants exercised	66	-	(19)	-	(19)	-	47
<b>At 30-09-2012</b>	<b>10,352</b>	<b>13,538</b>	<b>1,194</b>	<b>(7)</b>	<b>1,057</b>	<b>144</b>	<b>25,084</b>
<b>At 01-04-2013</b>	13,897	10,498	3,357	(18)	22	3,353	27,752
Profit for the period	-	3,695	-	-	-	-	3,695
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations	-	-	3	3	-	-	3
Total comprehensive income for the period	-	3,695	3	3	-	-	3,698
Dividends on ordinary shares	-	(1,817)	-	-	-	-	(1,817)
Expiry of warrants	-	2	(2)	-	(2)	-	-
Issuance of ordinary shares pursuant to warrants exercised	67	-	(20)	-	(20)	-	47
<b>At 30-09-2013</b>	<b>13,964</b>	<b>12,378</b>	<b>3,338</b>	<b>(15)</b>	<b>-</b>	<b>3,353</b>	<b>29,680</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.

<b>The Company</b>	<b>Share capital S\$'000</b>	<b>Warrant reserve S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
<b>At 01-04-2012</b>	10,286	1,076	2,308	13,670
Profit for the period	-	-	98	98
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	98	98
Dividends on ordinary shares	-	-	(1,437)	(1,437)
Issuance of ordinary shares pursuant to warrants exercised	66	(19)	-	47
<b>At 30-09-2012</b>	<b>10,352</b>	<b>1,057</b>	<b>969</b>	<b>12,378</b>
<b>At 01-04-2013</b>	13,897	22	2,292	16,211
Profit for the period	-	-	5	5
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5	5
Dividends on ordinary shares	-	-	(1,817)	(1,817)
Expiry of warrants	-	(2)	2	-
Issuance of ordinary shares pursuant to warrants exercised	67	(20)	-	47
<b>At 30-09-2013</b>	<b>13,964</b>	<b>-</b>	<b>482</b>	<b>14,446</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.**

Ordinary shares

	Number of shares	S\$'000
Issued and fully paid ordinary shares as at 1 April 2013	120,897,700	13,897
Allotment and issue of new ordinary shares upon the exercise of Warrants (as defined below)	477,000	67
Issued and fully paid ordinary shares as at 30 September 2013	121,374,700	13,964

Warrants

On 9 September 2010, the Company issued 28,020,000 warrants ("Warrants") at an issue price of S\$0.05 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.10 for each new share, on the basis of three (3) Warrants for every ten (10) existing ordinary shares in the capital of the Company, fractional entitlements to be disregarded. The Warrants had expired on 6 September 2013.

As at 30 September 2013, 27,974,700 Warrants have been exercised and converted into ordinary shares of the Company (30 September 2012: 2,406,600).

As at 30 September 2013, there were no outstanding Warrants (30 September 2012: 25,613,400); and the total number of shares that may be issued on conversion of all outstanding Warrants is Nil (30 September 2012: 25,613,400).

There were no treasury shares, outstanding options and/or other convertibles as at 30 September 2013 and 30 September 2012.

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

	As at 30-09-2013	As at 31-03-2013
Total number of issued shares	121,374,700	120,897,700

- 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. There were no treasury shares during and as at the end of the current financial period reported on.

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

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

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

Not applicable.



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

Save as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited financial statements for the financial year ended 31 March 2013.

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

The Group adopted the new/revised Financial Reporting Standards ("**FRS**") and Interpretations to FRS ("**INT FRS**") that are relevant to its operations and are effective for financial periods beginning on or after 1 April 2013. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

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

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

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

Fully diluted EPS is computed by dividing the earnings attributable to owners of the Company in each financial period by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect upon the exercise of all outstanding Warrants.

EPS after deducting any provision for preference dividends:-	Group Period ended	
	30-09-2013	30-09-2012
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	3.05	2.07
(b) On a fully diluted basis (Singapore cents)	3.04	1.73

Number of shares used in the respective computations of EPS:-	Group Period ended	
	30-09-2013	30-09-2012
(a) Based on weighted average number of ordinary shares in issue; and	121,042,141	95,593,646
(b) On a fully diluted basis	121,357,647	114,019,899

- 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	
	30-09-2013	31-03-2013	30-09-2013	31-03-2013
Net asset value per ordinary share based on issued share capital as at the end of the financial period reported on	S\$0.24	S\$0.23	S\$0.12	S\$0.13
Issued share capital as at the end of the period	121,374,700	120,897,700	121,374,700	120,897,700

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

#### Revenue

The Group's revenue increased from approximately S\$32.2 million for the period from 1 April 2012 to 30 September 2012 ("**1H2013**") to approximately S\$34.9 million for the period from 1 April 2013 to 30 September 2013 ("**1H2014**"), an increase of approximately S\$2.6 million or 8.2%.

Revenue from the retail division increased from approximately S\$31.1 million for 1H2013 to S\$34.3 million for 1H2014, an increase of approximately S\$3.2 million or 10.2%. The revenue growth was attributable to contributions from new outlets as well as higher receipts from the existing outlets, offset by closure of outlets.

Revenue from other services such as delivery and catering services decreased from approximately S\$1.1 million for 1H2013 to S\$559,000 for 1H2014, a decrease of approximately S\$544,000 or 49.3%. The Group initiated a change in our delivery services in October 2012 to accept only bulk orders. This change had contributed to the reduction in revenue from other services.

As at 30 September 2013, the Group operated a total of 79 outlets in Singapore, no change from 30 September 2012.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 31.7% of the Group's revenue in 1H2014, as compared to approximately 32.5% in 1H2013.

#### Cost of sales and gross profit

Cost of sales increased from approximately S\$12.7 million in 1H2013 to S\$13.2 million in 1H2014, an increase of approximately S\$518,000 or 4.1%. The increase was mainly due to the higher revenue generated by the Group. While revenue increased by 8.2%, the cost of sales increased at a lower rate of 4.1%.

The Group's gross profit increased from approximately S\$19.5 million in 1H2013 to S\$21.6 million in 1H2014, an increase of approximately S\$2.1 million or 10.9%. The Group's gross profit margin increased from approximately 60.6% in 1H2013 to 62.1% in 1H2014, mainly due to improved efficiency of production staff and revision of our products' selling prices in December 2012.

#### Other income

Other income decreased slightly from approximately S\$438,000 in 1H2013 to S\$408,000 in 1H2014, a decrease of approximately S\$30,000 or 6.8%. The decrease was mainly due to lower miscellaneous income from sale of waste oil by approximately S\$25,000.

## **Operating Expenses**

### Selling and distribution expenses

Selling and distribution (“S & D”) expenses decreased from approximately S\$12.6 million in 1H2013 to S\$12.5 million in 1H2014, a decrease of approximately S\$117,000 or 0.9%. S & D expenses in 1H2014 amounted to approximately 35.9% of revenue as compared to approximately 39.2% in 1H2013.

The improvement in S & D expenses as a percentage of revenue was largely attributed to the following:-

- a) staff benefits, including salaries and CPF contributions, decreased from approximately 15.6% of revenue in 1H2013 to approximately 14.5% in 1H2014;
- b) cessation of subcontract riders’ services since October 2012. Subcontract expenses amounted to approximately 0.6% of revenue in 1H2013;
- c) advertising and promotion expenses decreased from 0.8% of revenue in 1H2013 to 0.5% of revenue in 1H2014;
- d) depreciation for outlet renovation and equipment decreased from approximately 2.5% of revenue in 1H2013 to approximately 2.3% in 1H2014;
- e) provision for reinstatement costs of outlets decreased from 0.8% of revenue in 1H2013 to 0.4% in 1H2014;
- f) higher revenue generated from our existing retail outlets and closure of non-profitable outlets resulted in lower rental expenses as a percentage of revenue, from approximately 12.6% of revenue in 1H2013 to 12.2% in 1H2014; and
- g) lower operating lease expenses, mainly storage charges, from approximately 0.5% in 1H2013 to 0.2% in 1H2014.

The decrease in S & D expenses as a percentage of revenue was partially offset by an increase in the foreign worker levies contributions from approximately 0.8% of revenue in 1H2013 to 1.2% in 1H2014.

### Administrative expenses

Administrative expenses increased from approximately S\$4.5 million in 1H2013 to approximately S\$4.8 million in 1H2014, an increase of approximately S\$313,000 or 6.9%.

The increase in administrative expenses was mainly due to the following:

- a) an increase in staff cost, inclusive of executive directors’ remuneration, by approximately S\$458,000;
- b) an increase in repair and maintenance expenses by approximately S\$56,000; and
- c) an increase in insurance expenses by approximately S\$27,000.

The increase in administrative expenses was partially offset by decreases in legal, professional and consultancy expenses, donation and sponsorship, administrative staff remuneration, and staff training and welfare expenses, which amounted to approximately S\$249,000.

### Other expenses

Other expenses decreased by approximately S\$62,000 or 15.0% from S\$412,000 in 1H2013 to S\$350,000 in 1H2014, mainly due to a decrease in depreciation expenses for office equipment and fixed assets written off by approximately S\$36,000 and S\$124,000 respectively. The decrease in fixed assets written off was mainly due to a decrease in the closure and relocation of retail outlets in 1H 2014, as compared to 1H 2013. The decrease in other expenses was partially offset by an increase in foreign exchange loss of approximately S\$112,000 mainly due to revaluation of RM-denominated loans to our Malaysian associated company and subsidiary company.

As a result of the above, total operating expenses increased from approximately S\$17.6 million in 1H2013 to approximately S\$17.7 million in 1H2014, an increase of approximately S\$153,000 or 0.9%.

Total operating expenses amounted to approximately 50.9% of revenue in 1H2014 and 54.6% in 1H2013 respectively.

### **Depreciation**

Depreciation decreased by approximately S\$58,000 or 3.2% in 1H2014 as compared to 1H2013. The decrease was mainly due to lower depreciation for leasehold improvement expenses in 1H2014 by approximately S\$106,000, as compared to 1H2013, partially offset by an increase in depreciation of plant and equipment of approximately S\$48,000.

### **Profit before tax**

The Group's profit before tax increased from approximately S\$2.4 million in 1H2013 to approximately S\$4.3 million in 1H2014, an increase of approximately S\$1.9 million or 81.3%.

### **Taxation**

The Group's taxation expenses increased from approximately S\$412,000 for 1H2013 to S\$635,000 for 1H2014, an increase of approximately S\$223,000 or 54.1%. The increase was mainly due to higher profit before tax and lower non-deductible expenses in 1H2014 as compared to 1H2013.

### **Balance Sheet**

#### Non-current assets

The Group's non-current assets decreased by approximately S\$65,000 or 0.3% from S\$20.7 million as at 31 March 2013 to S\$20.6 million as at 30 September 2013, mainly due to the following:

- a) depreciation expenses for the Group and fixed assets written off for closed retail outlets of approximately S\$1.8 million and S\$4,000 for 1H2014 respectively, partially offset by
- b) purchase of fixed assets and provision of leasehold improvement, amounting to approximately S\$1.7 million, mainly for additions of plant and equipment and renovation costs for the Group's new and existing retail outlets; and
- c) an increase in long term deposits by approximately S\$60,000 mainly due to additional lease deposits paid to secure new outlets.

#### Current assets

The Group's current assets increased by approximately S\$3.1 million or 15.4% from S\$20.0 million as at 31 March 2013 to S\$23.1 million as at 30 September 2013, mainly due to the following:

- (a) an increase in prepayment of approximately S\$79,000 mainly due to advance payments made to suppliers during the period; and
- (b) an increase in cash and bank balances by approximately S\$3.3 million mainly due to cash inflow from operating activities and proceeds from issuance of ordinary shares pursuant to warrants exercised, partially offset by purchase of property, plant and equipment and dividends paid during 1H2014.

The increase in the Group's current assets was offset by a decrease in inventories and short-term deposits of approximately S\$223,000 and S\$30,000 respectively. The decrease in short-term deposits was mainly due to the refund of lease deposits for closed outlets, partially offset by reclassification of long-term deposits to short-term deposits in accordance with the respective lease tenures. The decrease in inventories of approximately S\$223,000 was mainly due to lower bulk purchase from overseas suppliers during 1H2014.

### Current liabilities

The Group's current liabilities increased by approximately S\$1.5 million or 16.4% from approximately S\$8.9 million as at 31 March 2013 to approximately S\$10.4 million as at 30 September 2013 mainly due to the following:

- i) an increase in trade and other payables of approximately S\$1.2 million mainly due to an increase in period-end billings by our trade suppliers and contractors;
- ii) an increase in provisions of approximately S\$97,000 mainly due to additional provision of reinstatement cost for new outlets; and
- iii) an increase in provision for tax by approximately S\$152,000 due to provision of tax for 1H2014 of approximately S\$760,000 partially offset by tax payments made of approximately S\$608,000 during 1H2014.

The increase in the Group's current liabilities was partially offset by a decrease in short term finance lease liabilities of approximately S\$20,000 which was mainly due to repayments made during the period and partially offset by reclassifications of finance lease liabilities from long term to short term.

### Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$374,000, from approximately S\$4.0 million as at 31 March 2013 to approximately S\$3.6 million as at 30 September 2013, mainly due to:

- i) reclassifications of bank loan and finance lease liabilities of approximately S\$168,000 and S\$81,000 respectively from long term to short term, in accordance with the repayment periods; and
- ii) a decrease in deferred tax liabilities of approximately S\$125,000 during 1H2014.

### Net working capital

As at 30 September 2013, the Group had a positive net working capital of approximately S\$12.7 million as compared to approximately S\$11.1 million as at 31 March 2013.

### **Cash flow**

In 1H2014, the Group generated an operating profit before working capital changes of approximately S\$6.2 million. Net cash generated from operating activities amounted to approximately S\$7.6 million.

The net cash inflow from working capital changes comprised mainly:

- a) a decrease in inventories by approximately S\$223,000;
- b) an increase in trade and other payables of approximately S\$1.2 million; and
- c) an increase in provision and other liabilities of approximately S\$17,000 and S\$14,000 respectively, partially offset by;
- d) an increase in deposits and prepayments of approximately S\$30,000 and S\$79,000 respectively.

In 1H2014, net cash used in investing activities amounted to approximately S\$1.6 million. This was mainly attributed to renovation costs and the purchase of plant and equipment for the Group's production facilities and retail outlets.

Net cash used in financing activities amounted to approximately S\$2.1 million in 1H2014. This was mainly attributed to dividends paid in 1H2014 amounting to approximately S\$1.8 million, and repayments of bank loan and finance lease liabilities including interest of approximately S\$168,000 and S\$133,000 respectively, partially offset by proceeds from the issuance of ordinary shares of approximately S\$47,000 pursuant to warrants exercised in 1H2014.

The Group's cash and cash equivalents amounted to approximately S\$19.9 million as at 30 September 2013, as compared to approximately S\$16.7 million as at 31 March 2013.

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

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

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

The Group expects operating lease expenses (rental) and labour and raw material costs to remain high in the next reporting period and the next 12 months.

**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.**

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 dividend has been declared or recommended for the 6-months financial period ended 30 September 2013.

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

There were no interested person transactions of S\$100,000 or more for 1H2014. The Company does not have a general mandate from its shareholders for recurrent interested person transactions.

**14 Update on use of exercise proceeds from Warrants Issue ("Exercise Proceeds").**

As of 30 September 2013, the Exercise Proceeds amounting to S\$2,749,770, which had been set aside for repayment of the Group's borrowings, investment purposes including but not limited to new business opportunities, funding of working capital requirements such as inventories and trade receivables and/or such other purposes as the Directors may deem fit, have not been utilised. The Company will continue to make periodic announcements on the material disbursement of any proceeds arising from the exercise of the Warrants as and when such proceeds are materially disbursed.

**15 Update on use of initial public offering proceeds.**

As of 30 September 2013, there is an unutilised balance of the initial public offering proceeds amounting to S\$227,000 which had been set aside for expansion through strategic alliances, acquisitions, joint ventures and franchises. The portion of the initial public offering proceeds that were utilised were in accordance with their stated uses. The Company will continue to make periodic announcements on the material disbursement of the balance of the initial public offering proceeds as and when such proceeds are materially disbursed.

**16 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., do hereby confirm on behalf of the Board of Directors of the Company (the "**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the six-months financial period ended 30 September 2013 to be false or misleading in any material aspects.

On behalf of the Board:

Han Keen Juan  
Director

Lim Tao-E William  
Director

**BY ORDER OF THE BOARD**

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

13 November 2013

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

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.*