

**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 2014****PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

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

**Consolidated statement of comprehensive income****The Group**

	Half Year Ended		Increase / (Decrease) %
	30-09-2014 S\$'000	30-09-2013 S\$'000	
<b>Revenue</b>	35,217	34,854	1.0
Cost of sales	(13,411)	(13,220)	1.4
<b>Gross profit</b>	21,806	21,634	0.8
<b>Other items of income</b>			
Interest income on short term deposits	18	20	(10.0)
Other income	457	408	12.0
<b>Other items of expenses</b>			
Selling and distribution expenses	(13,220)	(12,523)	5.6
Administrative expenses	(5,434)	(4,827)	12.6
Finance costs	(39)	(32)	21.9
Other expenses	(380)	(350)	8.6
<b>Profit before tax for the period</b>	3,208	4,330	(25.9)
Income tax expense	(651)	(635)	2.5
<b>Profit, net of tax for the period</b>	2,557	3,695	(30.8)
<b>Other comprehensive income:</b>			
Deferred tax on revaluation of freehold land and buildings	93	-	NM
Exchange differences on translating foreign operations	23	3	NM
<b>Other comprehensive income for the period, net of tax</b>	116	3	NM
<b>Total comprehensive income for the period, attributable to owners of the Company</b>	2,673	3,698	(27.7)

**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		
	30-09-2014	30-09-2013	Increase / (Decrease)
	S\$'000	S\$'000	%
Write-back of allowance for doubtful debts	-	(15)	NM
Amortisation of intangible assets	7	10	(30.0)
Depreciation of property, plant and equipment	1,754	1,762	(0.5)
Interest income from short-term deposits	(18)	(20)	(10.0)
(Gain)/loss in foreign exchange	(74)	17	NM
Property, plant and equipment written off	61	4	NM
Gain on disposal of property, plant and equipment	(41)	-	NM

2. The major components of taxation comprise:

	Group Half Year Ended		
	30-09-2014	30-09-2013	Increase / (Decrease)
	S\$'000	S\$'000	%
Current income tax			
- Current income taxation	643	760	(15.4)
- Under provision in respect of prior year	63	-	NM
Deferred income tax	(55)	(125)	(56.0)
- Movement in temporary differences			
Taxation recognised in the consolidated statement of comprehensive income	651	635	(2.5)

NM: Not meaningful

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

	The Group		The Company	
	As at		As at	
	30-09-2014	31-03-2014	30-09-2014	31-03-2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	23,712	21,522	-	-
Intangible assets	19	26	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Long term deposits	1,677	1,783	-	-
	25,681	23,604	5,913	5,913
<b>Current Assets</b>				
Inventories	532	610	-	-
Trade and other receivables	208	130	-	-
Deposits	1,409	1,279	-	-
Prepayments	1,156	539	23	26
Amount due from associated companies	115	-	115	-
Amount due from subsidiary companies	-	-	3,719	3,024
Cash and bank balances	20,903	20,379	6,678	9,664
	24,323	22,937	10,535	12,714
<b>Current Liabilities</b>				
Trade and other payables	6,591	6,150	1,203	1,686
Other liabilities	158	141	-	-
Provisions	1,940	1,942	28	-
Bank loans	424	421	-	-
Finance lease liabilities	49	120	-	-
Provision for taxation	1,456	1,424	14	13
	10,618	10,198	1,245	1,699
<b>Net Current Assets</b>	13,705	12,739	9,290	11,015
<b>Non-Current Liabilities</b>				
Bank loans	5,746	3,386	-	-
Finance lease liabilities	139	162	-	-
Deferred tax liabilities	1,147	1,293	-	-
	7,032	4,841	-	-
<b>Net Assets</b>	<b>32,354</b>	<b>31,502</b>	<b>15,203</b>	<b>16,928</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	15,437	14,701	1,239	2,964
Other reserves	2,953	2,837	-	-
<b>Total Equity</b>	<b>32,354</b>	<b>31,502</b>	<b>15,203</b>	<b>16,928</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 30-09-2014</b>		<b>As at 31-03-2014</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
473	-	541	-

**Amount repayable after one year**

<b>As at 30-09-2014</b>		<b>As at 31-03-2014</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
5,885	-	3,548	-

**Details of any collateral**

The Group's borrowings are secured as follows:

1. Bank loans are secured by:
  - (i) a first legal mortgage on leasehold properties owned by the Group's wholly owned subsidiary companies as at 30 September 2014; and
  - (ii) corporate guarantee by the Company as at 30 September 2014.
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.**

	<b>Group</b>	
	<b>Half Year Ended</b>	
	<b>30-09-2014</b>	<b>30-09-2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	3,208	4,330
Adjustments for:		
Amortisation of intangible assets	7	10
Depreciation of property, plant and equipment	1,754	1,762
Gain on disposal of property, plant and equipment	(41)	-
Property, plant and equipment written off	61	4
Interest expense	39	32
Interest income	(18)	(20)
Currency realignment	17	62
<b>Operating profit before changes in working capital</b>	<u>5,027</u>	<u>6,180</u>
Decrease in inventories	78	223
(Increase)/decrease in trade and other receivables	(78)	5
(Increase)/decrease in amount due from an associated company	(115)	1
Increase in deposits	(24)	(30)
Increase in prepayments	(617)	(79)
Increase in trade and other payables	441	1,222
Increase in other liabilities	17	14
(Decrease)/increase in provisions	(27)	17
<b>Cash flows from operations</b>	<u>4,702</u>	<u>7,553</u>
Tax paid	(674)	(608)
<b>Net cash flows from operating activities</b>	<u>4,028</u>	<u>6,945</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,972)	(1,625)
Purchase of intangible assets	-	(5)
Proceeds from disposal of property, plant and equipment	41	-
Interest received	18	20
<b>Net cash flows used in investing activities</b>	<u>(3,913)</u>	<u>(1,610)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares pursuant to warrants exercised	-	47
Proceeds from bank loan	2,569	-
Repayment of finance lease liabilities	(94)	(101)
Dividends paid on ordinary shares	(1,821)	(1,817)
Interest paid	(39)	(32)
Repayment of bank loans	(206)	(168)
<b>Net cash flows from/(used in) financing activities</b>	<u>409</u>	<u>(2,071)</u>
<b>Net increase in cash and cash equivalents</b>	524	3,264
Cash and cash equivalents at the beginning of the financial period	<u>20,379</u>	<u>16,661</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>20,903</u></u>	<u><u>19,925</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.

The Group	Equity attributable to owners of the Company						
	Share capital	Retained earnings	Other reserves	Foreign currency translation reserve	Warrant reserve	Asset revaluation reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<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>
<b>At 01-04-2014</b>	13,964	14,701	2,837	(12)	-	2,849	31,502
Profit for the period	-	2,557	-	-	-	-	2,557
<b>Other comprehensive income</b>							
Deferred tax on revaluation of freehold land and buildings	-	-	93	-	-	93	93
Exchange differences on translating foreign operations	-	-	23	23	-	-	23
Total comprehensive income for the period	-	2,557	116	23	-	93	2,673
Dividends on ordinary shares	-	(1,821)	-	-	-	-	(1,821)
<b>At 30-09-2014</b>	<b>13,964</b>	<b>15,437</b>	<b>2,953</b>	<b>11</b>	<b>-</b>	<b>2,942</b>	<b>32,354</b>

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

The Company	Share capital S\$'000	Warrant reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>At 01-04-2013</b>	13,897	22	2,292	16,211
Profit for the period	-	-	5	5
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	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>
<b>At 01-04-2014</b>	13,964	-	2,964	16,928
Profit for the period	-	-	96	96
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	96	96
Dividends on ordinary shares	-	-	(1,821)	(1,821)
<b>At 30-09-2014</b>	<b>13,964</b>	<b>-</b>	<b>1,239</b>	<b>15,203</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 30 September 2014 and 31 March 2014	121,374,700	13,964

There were no treasury shares, outstanding options and/or other convertibles as at 30 September 2014 and 30 September 2013.

- 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 30-09-2014	As at 31-03-2014
Total number of issued shares	121,374,700	121,374,700

- 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 year reported on.

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

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

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

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited financial statements for the financial year ended 31 March 2014.

- 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 2014. 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 for the 6 months ended 30 September 2013 is computed by dividing the earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect upon the exercise of all then outstanding warrants.

The basic and diluted EPS for the 6 months ended 30 September 2014 are the same as there are no potentially dilutive ordinary shares in issue as during the financial period reported on.

EPS after deducting any provision for preference dividends:-	Group 6 months ended	
	30-09-2014	30-09-2013
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	2.11	3.05
(b) On a fully diluted basis (Singapore cents)	2.11	3.04

Number of shares used in the respective computations of EPS:-	Group 6 months ended	
	30-09-2014	30-09-2013
(a) Based on weighted average number of ordinary shares in issue; and	121,374,700	121,042,141
(b) On a fully diluted basis	121,374,700	121,357,647

**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	
	30-09-2014	31-03-2014	30-09-2014	31-03-2014
Net asset value per ordinary share based on issued share capital as at the end of the financial period reported on	S\$0.27	S\$0.26	S\$0.13	S\$0.14
Issued share capital as at the end of the period	121,374,700	121,374,700	121,374,700	121,374,700

**A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### **Revenue**

The Group's revenue increased from approximately S\$34.9 million for the period from 1 April 2013 to 30 September 2013 ("1H2014") to approximately S\$35.2 million for the period from 1 April 2014 to 30 September 2014 ("1H2015"), an increase of approximately S\$363,000 or 1.0%

Revenue from the retail division increased from approximately S\$34.3 million for 1H2014 to S\$34.5 million for 1H2015, an increase of approximately S\$164,000 or 0.5%. The increase in revenue was mainly due to incremental revenue from new outlets, offset by absence of revenue from closed outlets and lower revenue from existing outlets.

Revenue from other services such as delivery and catering services increased from approximately S\$559,000 for 1H2014 to S\$758,000 for 1H2015, an increase of approximately S\$199,000 or 35.6%. The increase in revenue for other services was mainly due to an increase in catering services to government organisations during the period.

As at 30 September 2014, the Group operated a total of 80 outlets in Singapore as compared to 79 outlets in 30 September 2013.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 30.9% of the Group's revenue in 1H2015, as compared to approximately 31.7% in 1H2014.

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

Cost of sales increased from approximately S\$13.2 million in 1H2014 to S\$13.4 million in 1H2015, an increase of approximately S\$191,000 or 1.4%. The increase was mainly due to the higher revenue generated by the Group. While revenue increased by 1.0%, the cost of sales increased at a higher rate of 1.4%.

The Group's gross profit increased from approximately S\$21.6 million in 1H2014 to S\$21.8 million in 1H2015, an increase of approximately S\$172,000 or 0.8%. The Group's gross profit margin decreased slightly from approximately 62.1% in 1H2014 to 61.9% in 1H2015.

The slight decrease in the gross profit margin was mainly due to higher food cost and foreign worker levies contributions in 1H2015.

### **Other income**

Other income increased from approximately S\$408,000 in 1H2014 to S\$457,000 in 1H2015, an increase of approximately S\$49,000 or 12.0%. The increase was mainly due to gain from disposal of motor vehicles of approximately S\$41,000.

### **Operating Expenses**

#### Selling and distribution expenses

Selling and distribution ("S & D") expenses increased by approximately S\$697,000 or 5.6% from approximately S\$12.5 million in 1H2014 to S\$13.2 million in 1H2015. S & D expenses in 1H2015 amounted to approximately 37.5% of revenue as compared to approximately 35.9% of revenue in 1H2014.

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

- a) staff benefits, including salaries and CPF contributions, increased from approximately 14.5% of revenue in 1H2014 to approximately 15.4% in 1H2015;
- b) foreign worker levy contributions increased from 1.2% of revenue in 1H2014 to 1.7% of revenue in 1H2015;
- c) outlet rental expenses increased from 12.2% of revenue in 1H2014 to 12.5% of revenue in 1H2015; and
- d) depreciation for outlet renovation and equipment increased from 2.3% of revenue in 1H2014 to 2.4% of revenue in 1H2015.

The increase in S & D expenses as a percentage of revenue was partially offset by a decrease in the following expenses:

- a) advertising and promotion expenses decreased from 0.5% of revenue in 1H2014 to 0.4% of revenue in 1H2015;
- b) provision for reinstatement costs of outlets decreased from 0.4% of revenue in 1H2014 to 0.2% in 1H2015.

#### Administrative expenses

Administrative expenses increased from approximately S\$4.8 million in 1H2014 to approximately S\$5.4 million in 1H2015, an increase of approximately S\$607,000 or 12.6%.

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\$364,000;
- b) an increase in bank charges of approximately S\$19,000;
- c) an increase in donation and sponsorship expenses of approximately S\$58,000;
- d) an increase in insurance and medical expenses by approximately S\$42,000;
- e) an increase in entertainment and staff refreshment expenses by approximately S\$23,000;
- f) an increase in legal, professional and consultancy expenses by approximately S\$90,000;
- g) an increase in stamp fees, postage and stationery expenses by approximately S\$21,000; and
- h) an increase in upkeep of motor vehicle expenses by approximately S\$32,000.

The increase in administrative expenses was partially offset by decreases in travelling, subscription and repair and maintenance expenses, which amounted to approximately S\$78,000.

#### Other expenses

Other expenses increased by approximately S\$30,000 or 8.6% from S\$350,000 in 1H2014 to S\$380,000 in 1H2015, mainly due to the following:

- a) an increase in depreciation expenses for motor vehicles and office equipment of approximately S\$52,000; and
- b) an increase in fixed assets written off of approximately S\$57,000 mainly due to the closure of retail outlets in 1H2015.

The increase in other expenses was partially offset by an increase in foreign exchange gain of approximately S\$91,000 in 1H2015.

As a result of the above, total operating expenses increased from approximately S\$17.7 million in 1H2014 to approximately S\$19.1 million in 1H2015, an increase of approximately S\$1.3 million or 7.6%. Total operating expenses amounted to approximately 54.2% of revenue in 1H2015 and 50.9% in 1H2014 respectively.

#### **Depreciation**

Depreciation decreased by approximately S\$8,000 or 0.5% in 1H2015 as compared to 1H2014. The decrease was mainly due to lower depreciation for leasehold improvement expenses in 1H2015 by approximately S\$81,000, as compared to 1H2014, partially offset by an increase in depreciation of plant and equipment of approximately S\$73,000.

#### **Finance costs**

Finance cost increased by approximately S\$7,000 mainly due to interest expenses on loans taken to finance the construction and renovation of factory facilities.

## **Profit before tax**

The Group's profit before tax decreased from approximately S\$4.3 million in 1H2014 to approximately S\$3.2 million in 1H2015, a decrease of approximately S\$1.1 million or 25.9%.

## **Taxation**

The Group's taxation expenses increased from approximately S\$635,000 for 1H2014 to S\$651,000 for 1H2015, an increase of approximately S\$16,000 or 2.5%. The increase was mainly due to additional tax provision for the previous years of approximately S\$63,000. This was partially offset by a decrease of approximately S\$47,000 for the current period's tax expenses, mainly due to the lower profit before tax in 1H2015.

## **Balance Sheet**

### Non-current assets

The Group's non-current assets increased by approximately S\$2.1 million or 8.8% from S\$23.6 million as at 31 March 2014 to S\$25.7 million as at 30 September 2014, mainly due to the following:

- a) purchase of fixed assets and provision for leasehold improvement, amounting to approximately S\$4.0 million, mainly for additions of plant and equipment and renovation costs capitalised for the Group's new and existing retail outlets and construction of our new factory; partially offset by
- b) a decrease in long term deposits by approximately S\$106,000 mainly due to reclassification of lease deposits to short term deposits in accordance with the respective lease tenures, offset by additional lease deposits paid to secure new outlets; and
- c) depreciation expenses for the Group and fixed assets written off for closed retail outlets of approximately S\$1.8 million and S\$61,000 for 1H2015 respectively.

### Current assets

The Group's current assets increased by approximately S\$1.4 million or 6.0% from S\$22.9 million as at 31 March 2014 to S\$24.3 million as at 30 September 2014, mainly due to the following:

- (a) an increase in trade and other receivables of approximately S\$78,000 mainly due to catering sales to government organisations and corporate customers;
- (b) an increase in short-term deposits of approximately S\$130,000 mainly due to reclassification of lease deposits from long term to short term deposits in accordance with the lease tenures;
- (c) an increase in prepayment of approximately S\$617,000 mainly due to advance payments to suppliers for renovation works and computer system upgrades, and annual renewal of our factory and outlets' insurance policies;
- (d) advances to an associated company of approximately S\$115,000 for renovation and refurbishment works for new retail outlets; and
- (e) an increase in cash and bank balances by approximately S\$524,000 mainly due to cash inflow from operating activities, and proceeds from bank loan of approximately S\$2.6 million for construction and renovation of the new factory, partially offset by purchase of property, plant and equipment and repayment of bank loans and finance leases in 1H2015.

The increase in the Group's current assets was partially offset by a decrease in inventories of approximately S\$78,000 mainly due to lower bulk purchase from overseas suppliers during 1H2015.

### Current liabilities

The Group's current liabilities increased by approximately S\$420,000 or 4.1% from approximately S\$10.2 million as at 31 March 2014 to approximately S\$10.6 million as at 30 September 2014 mainly due to the following:

- i) an increase in trade and other payables of approximately S\$441,000 mainly due to an increase in period-end billings by our trade suppliers and contractors for renovation of retail outlets; and

- ii) an increase in provision for tax by approximately S\$32,000 mainly due to tax provision for 1H2015 of approximately S\$706,000, partially offset by tax payments made of approximately S\$674,000 for 1H2015.

The increase in the Group's current liabilities was partially offset by a decrease in short term finance lease liabilities of approximately S\$94,000 mainly due to repayments made during the period, partially offset by reclassification of finance lease liabilities from long term to short term.

#### Non-current liabilities

The Group's non-current liabilities increased by approximately S\$2.2 million or 45.3% from approximately S\$4.8 million as at 31 March 2014 to approximately S\$7.0 million as at 30 September 2014, mainly due to the following:-

- i) an increase in bank loans of approximately S\$2.4 million mainly to finance the construction of the Group's new factory, partially offset by reclassification of bank loans from long-term to short-term in accordance with the loan repayment periods;
- ii) a decrease in deferred tax liabilities of approximately S\$146,000 mainly due to deferred tax liability adjustment of approximately S\$93,000 for revaluation gain of factory facilities, and a decrease in other deferred tax liabilities of approximately S\$53,000 in 1H2015; and
- iii) reclassification of finance lease liabilities of approximately S\$23,000 from long term to short term, in accordance with the repayment periods.

#### Net working capital

As at 30 September 2014, the Group had a positive net working capital of approximately S\$13.7 million as compared to approximately S\$12.7 million as at 31 March 2014.

#### **Cash flow**

For the half year ended 30 September 2014, the Group generated an operating profit before working capital changes of approximately S\$5.0 million. Net cash generated from operating activities amounted to approximately S\$4.7 million.

The net cash inflow from working capital changes comprised mainly:

- a) a decrease in inventories by approximately S\$78,000;
- b) an increase in trade and other payables of approximately S\$441,000; and
- c) an increase in other liabilities of approximately S\$17,000; partially offset by
- d) a decrease in provision of approximately S\$27,000;
- e) an increase in trade and other receivables of approximately S\$78,000; and
- f) an increase in deposits and prepayments of approximately S\$24,000 and S\$617,000 respectively;

In 1H2015, net cash used in investing activities amounted to approximately S\$3.9 million. This was mainly attributable to renovation costs capitalised and the purchase of plant and equipment for the Group's new factory and retail outlets.

Net cash from financing activities amounted to approximately S\$408,000 in 1H2015. This was mainly due to bank loan of approximately S\$2.6 million drawn down for construction and renovation of new factory partially offset by dividends paid in 1H2015 amounting to approximately S\$1.8 million, and repayments of bank loan and finance lease liabilities including interest of approximately S\$206,000 and S\$133,000 respectively.

#### **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, and believes that the labour market will continue to remain tight. Our new factory facilities are currently undergoing renovations and when completed, will provide the platform to further grow our business both locally and regionally.

**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?

The Directors proposed to declare dividends for the current financial period reported on as follows:

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

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

None.

**(c) Date payable.**

On or around 16 December 2014.

**(d) Books closure date.**

On or around 3 December 2014.

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

Not applicable.

**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 the current financial period ended 30 September 2014. 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 14 November 2014, the Exercise Proceeds amounting to S\$2,797,470, 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 use of the Exercise Proceeds as and when such proceeds are materially disbursed.

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

As of 14 November 2014, 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 had been utilised were in accordance with their stated uses. The Company will continue to make periodic announcements on the use 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 2014 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**

14 November 2014

*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.*