

**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 FIRST QUARTER ENDED 30 JUNE 2015**

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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 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 /<br>(Decrease)<br>% |
|---|--|-----------------------|-------------------------------|
|   | First Quarter Ended<br>30-06-2015<br>S\$'000 | 30-06-2014<br>S\$'000 |                               |
| <b>Revenue</b>  | 18,184                                       | 17,065                | 6.6                           |
| Cost of sales   | (6,441)                                      | (6,417)               | 0.4                           |
| <b>Gross profit</b>   | 11,743                                       | 10,648                | 10.3                          |
| <b>Other items of income</b>  |  |                       |                               |
| Interest income on short term deposits  | 10   | 9                     | 11.1                          |
| Other income  | 455  | 156                   | 191.7                         |
| <b>Other items of expenses</b>  |  |                       |                               |
| Selling and distribution expenses   | (7,426)                                      | (6,260)               | 18.6                          |
| Administrative expenses   | (2,613)                                      | (2,625)               | (0.5)                         |
| Finance costs   | (47)   | (19)                  | 147.4                         |
| Other expenses  | (306)  | (130)                 | 135.4                         |
| <b>Profit before tax for the period</b>   | 1,816  | 1,779                 | 2.1                           |
| Income tax expense  | (371)  | (278)                 | 33.5                          |
| <b>Profit for the period</b>  | 1,445  | 1,501                 | (3.7)                         |
| <b>Other comprehensive income</b>   |  |                       |                               |
| <b>Items that may be reclassified subsequently to profit or loss</b>                    |  |                       |                               |
| Exchange differences on translating foreign operations                                  | (9)  | 5                     | NM                            |
| <b>Other comprehensive income for the period, net of tax</b>                            | (9)  | 5                     | NM                            |
| <b>Total comprehensive income for the period, attributable to owners of the Company</b> | 1,436  | 1,506                 | (4.6)                         |

NM: Not meaningful

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

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

|   | Group<br>First Quarter Ended |            |                          |
|---|------------------------------|------------|--------------------------|
|   | 30-06-2015                   | 30-06-2014 | Increase /<br>(Decrease) |
|   | S\$'000                      | S\$'000    | %                        |
| Amortisation of intangible assets                 | 3                            | 3          | -                        |
| Depreciation of property, plant and equipment     | 870                          | 877        | (0.8)                    |
| Interest income from short-term deposits          | (10)                         | (9)        | 11.1                     |
| Loss/(gain) in foreign exchange, net              | 112                          | (80)       | NM                       |
| Property, plant and equipment written off         | -                            | 11         | NM                       |
| Gain on disposal of property, plant and equipment | -                            | 41         | NM                       |

2. The major components of taxation comprise:

|   | Group<br>First Quarter Ended |            |                          |
|---|------------------------------|------------|--------------------------|
|   | 30-06-2015                   | 30-06-2014 | Increase /<br>(Decrease) |
|   | S\$'000                      | S\$'000    | %                        |
| Current income tax<br>- Current income taxation                           | 389                          | 308        | 26.3                     |
| Deferred income tax<br>- Movement in temporary differences                | (18)                         | (30)       | (40.0)                   |
| Taxation recognised in the consolidated statement of comprehensive income | 371                          | 278        | 33.5                     |

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                |                      |
|   | 30-06-2015           | 31-03-2015           | 30-06-2015           | 31-03-2015           |
|   | S\$'000              | S\$'000              | S\$'000              | S\$'000              |
| <b>Non-Current Assets</b>                           |                      |                      |                      |                      |
| Property, plant and equipment                       | 26,389               | 26,381               | -                    | -                    |
| Intangible assets                                   | 17                   | 12                   | -                    | -                    |
| Investment in subsidiary companies                  | -                    | -                    | 5,640                | 5,640                |
| Investment in unquoted shares                       | 273                  | 273                  | 273                  | 273                  |
| Long term deposits                                  | 1,898                | 1,772                | -                    | -                    |
|   | <u>28,577</u>        | <u>28,438</u>        | <u>5,913</u>         | <u>5,913</u>         |
| <b>Current Assets</b>                               |                      |                      |                      |                      |
| Inventories   | 788                  | 522                  | -                    | -                    |
| Trade and other receivables                         | 196                  | 143                  | -                    | -                    |
| Deposits  | 1,502                | 1,446                | -                    | -                    |
| Prepayments   | 1,385                | 1,370                | 9                    | 27                   |
| Amount due from subsidiary companies                | -                    | -                    | 3,982                | 3,570                |
| Cash and bank balances                              | 22,773               | 20,147               | 10,653               | 10,508               |
|   | <u>26,644</u>        | <u>23,628</u>        | <u>14,644</u>        | <u>14,105</u>        |
| <b>Current Liabilities</b>                          |                      |                      |                      |                      |
| Trade and other payables                            | 6,895                | 5,405                | 1,898                | 1,329                |
| Other liabilities                                   | 161                  | 152                  | -                    | -                    |
| Provisions  | 2,031                | 2,046                | 35                   | 24                   |
| Bank loans  | 897                  | 897                  | -                    | -                    |
| Finance lease liabilities                           | 136                  | 110                  | -                    | -                    |
| Provision for taxation                              | 1,746                | 1,357                | 41                   | 37                   |
|   | <u>11,866</u>        | <u>9,967</u>         | <u>1,974</u>         | <u>1,390</u>         |
| <b>Net Current Assets</b>                           | 14,778               | 13,661               | 12,670               | 12,715               |
| <b>Non-Current Liabilities</b>                      |                      |                      |                      |                      |
| Bank loans  | 7,225                | 7,331                | -                    | -                    |
| Finance lease liabilities                           | 333                  | 389                  | -                    | -                    |
| Deferred tax liabilities                            | 1,064                | 1,082                | -                    | -                    |
|   | <u>8,622</u>         | <u>8,802</u>         | <u>-</u>             | <u>-</u>             |
| <b>Net Assets</b>                                   | <u><u>34,733</u></u> | <u><u>33,297</u></u> | <u><u>18,583</u></u> | <u><u>18,628</u></u> |
| <b>Equity attributable to owners of the Company</b> |                      |                      |                      |                      |
| Share capital                                       | 13,964               | 13,964               | 13,964               | 13,964               |
| Retained earnings                                   | 17,790               | 16,345               | 4,619                | 4,664                |
| Other reserves                                      | 2,979                | 2,988                | -                    | -                    |
| <b>Total Equity</b>                                 | <u><u>34,733</u></u> | <u><u>33,297</u></u> | <u><u>18,583</u></u> | <u><u>18,628</u></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 30-06-2015</b>    |                              | <b>As at 31-03-2015</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> |
| 1,033                      | -                            | 1,007                      | -                            |

**Amount repayable after one year**

| <b>As at 30-06-2015</b>    |                              | <b>As at 31-03-2015</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> |
| 7,558                      | -                            | 7,720                      | -                            |

**Details of any collateral**

The Group's borrowings are secured as follows:

1. Bank loans are secured by:
  - (i) a first legal mortgage on freehold and leasehold properties owned by the Group's wholly owned subsidiary companies as at 30 June 2015; and
  - (ii) corporate guarantee by the Company as at 30 June 2015.
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>First Quarter Ended</b> |                      |
|   | <b>30-06-2015</b>          | <b>30-06-2014</b>    |
|   | <b>S\$'000</b>             | <b>S\$'000</b>       |
| <b>Cash flows from operating activities</b>                         |                            |                      |
| Profit before tax   | 1,816                      | 1,779                |
| Adjustments for:  |                            |                      |
| Amortisation of intangible assets                                   | 3                          | 3                    |
| Depreciation of property, plant and equipment                       | 870                        | 877                  |
| Gain on disposal of property, plant and equipment                   | -                          | (41)                 |
| Property, plant and equipment written off                           | -                          | 11                   |
| Interest expense  | 47                         | 30                   |
| Interest income   | (10)                       | (9)                  |
| Currency realignment  | 93                         | (25)                 |
| <b>Operating profit before changes in working capital</b>           | <u>2,819</u>               | <u>2,625</u>         |
| (Increase)/decrease in inventories                                  | (266)                      | 130                  |
| Increase in trade and other receivables                             | (53)                       | (227)                |
| Increase in deposits  | (182)                      | (169)                |
| Increase in prepayments   | (15)                       | (561)                |
| Increase in trade and other payables                                | 1,490                      | 975                  |
| Increase in other liabilities                                       | 9                          | 9                    |
| Decrease in provisions  | (15)                       | (20)                 |
| <b>Cash flows from operations</b>                                   | <u>3,787</u>               | <u>2,762</u>         |
| Tax paid  | -                          | -                    |
| <b>Net cash flows from operating activities</b>                     | <u>3,787</u>               | <u>2,762</u>         |
| <b>Cash flows from investing activities</b>                         |                            |                      |
| Purchase of property, plant and equipment                           | (980)                      | (1,110)              |
| Purchase of intangible assets                                       | (8)                        | -                    |
| Proceeds from disposal of property, plant and equipment             | -                          | 41                   |
| Advances to associated companies                                    | -                          | (110)                |
| Interest received   | 10                         | 9                    |
| <b>Net cash flows used in investing activities</b>                  | <u>(978)</u>               | <u>(1,170)</u>       |
| <b>Cash flows from financing activities</b>                         |                            |                      |
| Repayment of finance lease liabilities                              | (30)                       | (59)                 |
| Interest paid   | (47)                       | (30)                 |
| Repayment of bank loans   | (106)                      | (106)                |
| <b>Net cash flows used in financing activities</b>                  | <u>(183)</u>               | <u>(195)</u>         |
| <b>Net increase in cash and cash equivalents</b>                    | 2,626                      | 1,397                |
| Cash and cash equivalents at the beginning of the financial period  | <u>20,147</u>              | <u>20,379</u>        |
| <b>Cash and cash equivalents at the end of the financial period</b> | <u><u>22,773</u></u>       | <u><u>21,776</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 |                   |                |                                      |                           |               |
|--|--|-------------------|----------------|--------------------------------------|---------------------------|---------------|
|  | Share capital                                | Retained earnings | Other reserves | Foreign currency translation reserve | Asset revaluation reserve | Total equity  |
|  | S\$'000                                      | S\$'000           | S\$'000        | S\$'000                              | S\$'000                   | S\$'000       |
| <b>The Group</b>                                       |  |                   |                |                                      |                           |               |
| <b>At 01-04-2015</b>                                   | 13,964                                       | 16,345            | 2,988          | 37                                   | 2,951                     | 33,297        |
| Profit for the period                                  | -  | 1,445             | -              | -                                    | -                         | 1,445         |
| <b>Other comprehensive income</b>                      |  |                   |                |                                      |                           |               |
| Exchange differences on translating foreign operations | -  | -                 | (9)            | (9)                                  | -                         | (9)           |
| Total comprehensive income for the period              | -  | 1,445             | (9)            | (9)                                  | -                         | 1,436         |
| <b>At 30-06-2015</b>                                   | <b>13,964</b>                                | <b>17,790</b>     | <b>2,979</b>   | <b>28</b>                            | <b>2,951</b>              | <b>34,733</b> |
| <b>At 01-04-2014</b>                                   | 13,964                                       | 14,701            | 2,837          | (12)                                 | 2,849                     | 31,502        |
| Profit for the period                                  | -  | 1,501             | -              | -                                    | -                         | 1,501         |
| <b>Other comprehensive income</b>                      |  |                   |                |                                      |                           |               |
| Exchange differences on translating foreign operations | -  | -                 | 5              | 5                                    | -                         | 5             |
| Total comprehensive income for the period              | -  | 1,501             | 5              | 5                                    | -                         | 1,506         |
| <b>At 30-06-2014</b>                                   | <b>13,964</b>                                | <b>16,202</b>     | <b>2,842</b>   | <b>(7)</b>                           | <b>2,849</b>              | <b>33,008</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<br>capital<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total equity<br>S\$'000 |
|---|-----------------------------|---------------------------------|-------------------------|
| <b>At 01-04-2015</b>                      | 13,964                      | 4,664                           | 18,628                  |
| Profit for the period                     | -                           | (45)                            | (45)                    |
| Other comprehensive income for the period | -                           | -                               | -                       |
| Total comprehensive income for the period | -                           | (45)                            | (45)                    |
| <b>At 30-06-2015</b>                      | <b>13,964</b>               | <b>4,619</b>                    | <b>18,583</b>           |
| <b>At 01-04-2014</b>                      | 13,964                      | 2,964                           | 16,928                  |
| Profit for the period                     | -                           | 60                              | 60                      |
| Other comprehensive income for the period | -                           | -                               | -                       |
| Total comprehensive income for the period | -                           | 60                              | 60                      |
| <b>At 30-06-2014</b>                      | <b>13,964</b>               | <b>3,024</b>                    | <b>16,988</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 June 2015 and 31 March 2015 | 121,374,700      | 13,964  |

There were no treasury shares, outstanding options and/or other convertibles as at 30 June 2015 and 30 June 2014.

- 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<br>30-06-2015 | As at<br>31-03-2015 |
|-------------------------------|---------------------|---------------------|
| 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 2015.

- 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 and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations, which took effect from financial periods beginning on or after 1 April 2015. 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 and 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.

| EPS after deducting any provision for preference dividends:-                            | Group<br>First Quarter ended |            |
|---|------------------------------|------------|
|   | 30-06-2015                   | 30-06-2014 |
| (a) Based on weighted average number of ordinary shares in issue (Singapore cents); and | 1.19                         | 1.24       |
| (b) On a fully diluted basis (Singapore cents)  | 1.19                         | 1.24       |

| Number of shares used in the respective computations of EPS:-         | Group<br>First Quarter ended |             |
|---|------------------------------|-------------|
|   | 30-06-2015                   | 30-06-2014  |
| (a) Based on weighted average number of ordinary shares in issue; and | 121,374,700                  | 121,374,700 |
| (b) On a fully diluted basis  | 121,374,700                  | 121,374,700 |

The basic and diluted EPS for the financial period ended 30 June 2014 are the same as there are no potentially dilutive shares in issue as at 30 June 2015 and 30 June 2014.

**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     |             |
|---|-------------|-------------|-------------|-------------|
|   | 30-06-2015  | 31-03-2015  | 30-06-2015  | 31-03-2015  |
| Net asset value per ordinary share based on total number of issued shares as at the end of the financial period reported on | S\$0.29     | S\$0.27     | S\$0.15     | S\$0.15     |
| Total number of issued shares as at the end of the financial period reported on   | 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\$17.1 million for the financial period from 1 April 2014 to 30 June 2014 ("1Q2015") to approximately S\$18.2 million for the period from 1 April 2015 to 30 June 2015 ("1Q2016"), an increase of approximately S\$1.1 million or 6.6%.

Revenue from the retail division increased by approximately S\$1.1 million or 6.7%. The increase in revenue was mainly due to incremental revenue from new outlets and higher revenue from existing outlets, partially offset by absence of revenue from closed outlets.

Revenue from other services, such as delivery and catering services decreased slightly by approximately S\$7,000 or 2.2%.

As at 30 June 2015, the Group operated a total of 84 outlets in Singapore as compared to 79 outlets as at 30 June 2014.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 30.2% of the Group's revenue in 1Q2016, as compared to approximately 30.3% in 1Q2014.

### Cost of sales and gross profit

Cost of sales increased by approximately S\$24,000 or 0.4%. The increase was mainly due to the higher revenue generated by the Group.

The Group's gross profit increased by approximately S\$1.1 million or 10.3%. The Group's gross profit margin increased from approximately 62.4% in 1Q2015 to 64.6% in 1Q2016 due to tighter production cost controls and an improvement in product mix.

### Other income

Other income increased by approximately S\$299,000 mainly due to:

- (a) an increase of S\$127,000 in government grant received to support the Group's productivity initiatives; and
- (b) insurance proceeds of S\$218,000 received for damaged factory facilities and equipment.

### Operating Expenses

#### Selling and distribution expenses

Selling and distribution ("S & D") expenses increased by approximately S\$1.2 million or 18.6%. S & D expenses in 1Q2016 amounted to approximately 40.8% of revenue as compared to approximately 36.7% of revenue in 1Q2015

The increase in S & D expenses as a percentage of revenue was largely attributed to higher staff costs including foreign worker levy contributions, higher outlet rental expenses and an increase in advertising and promotional expenses.

#### Administrative expenses

Administrative expenses decreased by approximately S\$12,000 or 0.5%.

The decrease in administrative expenses was mainly due to decrease in legal, professional and computer related expenses, partially offset by an increase in staff cost, inclusive of executive directors' remuneration.

### Other expenses

Other expenses increased by approximately S\$176,000 mainly due to an increase in foreign exchange losses as a result of the weakening of Malaysian Ringgit denominated loans against the Singapore Dollar.

As a result of the above, total operating expenses increased by approximately S\$1.4 million or 15.0%. Total operating expenses amounted to approximately 57.1% of revenue in 1Q2016 and 52.9% in 1Q2015 respectively.

### **Depreciation**

Depreciation decreased by approximately S\$7,000 or 0.8% in 1Q2016 as compared to 1Q2015.

### **Finance costs**

Finance costs increased by approximately S\$28,000 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 increased from approximately S\$1.8 million in 1Q2015 to approximately S\$1.8 million in 1Q2016, an increase of approximately S\$37,000 or 2.1%.

### **Taxation**

The Group's taxation expenses increased by approximately S\$93,000 or 33.5%. The increase was mainly due to higher non-deductible expenses in 1Q2016 as compared to 1Q2015.

### **Balance Sheet**

#### Non-current assets

The Group's non-current assets increased by approximately S\$139,000 or 0.5% mainly due to the following:

- (a) purchase of fixed assets mainly for additions of plant and equipment and renovation costs for the Group's new and existing retail outlets, and construction of the Group's new factory; partially offset by depreciation expenses for 1Q2016; and
- (b) an increase in long term deposits mainly due to additional lease deposits paid to secure new outlets, partially offset by reclassification of long term lease deposits to short term, in accordance with the respective lease tenures.

#### Current assets

The Group's current assets increased by approximately S\$3.0 million or 12.8% mainly due to the following:

- (a) an increase in inventories mainly due to bulk inventory purchase to manage the Group's production cost;
- (b) an increase in short-term deposits mainly due to reclassification of lease deposits from long term to short term deposits in accordance with the lease tenures; and
- (c) an increase of S\$2.6 million in cash and bank balances generated from operating activities, partially offset by purchase of property, plant and equipment and repayment of bank loans.

#### Current liabilities

The Group's current liabilities increased by approximately S\$1.9 million or 19.1% mainly due to the following:

- (a) an increase in trade and other payables mainly due to increase in period-end billings by our trade suppliers and contractors; and

(b) an increase in provision for taxation mainly to tax expenses provided for the current period.

#### Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$180,000 or 2.0% mainly due to repayment of bank loans and finance lease in 1Q2016.

#### Net working capital

As at 30 June 2015, the Group had a positive net working capital of approximately S\$14.8 million as compared to approximately S\$13.7 million as at 31 March 2015.

#### **Cash flow**

For 1Q2016, the Group generated an operating profit before working capital changes of approximately S\$2.8 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$3.8 million in 1Q2016.

In 1Q2016, net cash used in investing activities amounted to approximately S\$978,000. This was mainly attributable to renovation costs capitalised and the purchase of plant and equipment for the Group's new factory facilities and retail outlets.

Net cash from financing activities amounted to approximately S\$183,000 in 1Q2016. This was mainly due to repayments of bank loan and finance lease liabilities including interest paid.

**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. The Group's enlarged factory facilities in Singapore and Iskandar Malaysia, when fully operational in the coming months, will provide the platform for the Group to grow its 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?**

Nil.

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

Nil.

**(c) Date payable.**

Not applicable.

**(d) Books closure date.**

Not applicable.

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

Not applicable.

- 13** If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for recurrent interested person transactions.

**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., 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 First Quarter ended 30 June 2015 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 August 2015

*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 Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*