

**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 THIRD QUARTER ENDED 31 DECEMBER 2015**

**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			The Group		
	3Q2016 S\$'000	3Q2015 S\$'000	+ / (-) %	9M2016 S\$'000	9M2015 S\$'000	+ / (-) %
<b>Revenue</b>	18,857	19,207	(1.8)	56,162	54,424	3.2
Cost of sales	(7,060)	(7,162)	(1.4)	(20,513)	(20,573)	(0.3)
<b>Gross profit</b>	11,797	12,045	(2.1)	35,649	33,851	5.3
<b>Other items of income</b>						
Interest income on short term deposits	7	6	16.7	27	24	12.5
Other income	155	445	(65.2)	973	902	7.9
<b>Other items of expenses</b>						
Selling and distribution expenses	(7,449)	(7,184)	3.7	(22,573)	(20,404)	10.6
Administrative expenses	(2,752)	(2,639)	4.3	(8,041)	(8,073)	(0.4)
Finance costs	(62)	(25)	148.0	(149)	(64)	132.8
Other expenses	(189)	(356)	(46.9)	(1,071)	(736)	45.5
<b>Profit before tax for the period</b>	1,507	2,292	(34.2)	4,815	5,500	(12.5)
Income tax expense	(277)	(393)	(29.5)	(930)	(1,044)	(10.9)
<b>Profit for the period</b>	1,230	1,899	(35.2)	3,885	4,456	(12.8)
<b>Other comprehensive income</b>						
Deferred tax on revaluation of freehold land and buildings	-	-	-	-	93	NM
Exchange differences on translating foreign operations	(6)	4	NM	(21)	27	NM
<b>Other comprehensive income for the period, net of tax</b>	(6)	4	NM	(21)	120	NM
<b>Total comprehensive income for the period, attributable to owners of the Company</b>	1,224	1,903	(35.7)	3,864	4,576	(15.6)

NM: Not meaningful

9M : 9 months period from 1 April to 31 December

## 1(a)(ii)

## Notes to consolidated statement of comprehensive income

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

	The Group			The Group		
	3Q2016	3Q2015	+/-)	9M2016	9M2015	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	14	3	366.7	29	10	190.0
Depreciation of property, plant and equipment	1,137	931	22.1	2,946	2,685	9.7
Interest income from short-term deposits	(7)	(6)	16.7	(27)	(24)	12.5
(Gain)/loss in foreign exchange, net	(55)	158	NM	405	84	382.1
Property, plant and equipment written off	8	-	NM	26	61	(57.4)
Gain on disposal of property, plant and equipment	-	(85)	NM	-	(126)	NM

2. The major components of taxation comprise:

	The			The		
	3Q2016	3Q2015	+/-)	9M2016	9M2015	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax						
-Current income taxation	47	420	(88.8)	750	1,063	(29.4)
-Under provision in respect of prior year	39	-	NM	39	63	(38.1)
Deferred income tax						
-Movement in temporary differences	191	(27)	NM	141	(82)	NM
Taxation recognised in the consolidated statement of comprehensive income	277	393	(29.5)	930	1,044	(10.9)

NM: Not meaningful

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

	<b>The Group</b>		<b>The Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31-12-2015</b>	<b>31-03-2015</b>	<b>31-12-2015</b>	<b>31-03-2015</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	28,240	26,381	-	-
Intangible assets	224	12	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Long term deposits	1,854	1,772	-	-
	<u>30,591</u>	<u>28,438</u>	<u>5,913</u>	<u>5,913</u>
<b>Current Assets</b>				
Inventories	608	522	-	-
Trade and other receivables	223	143	-	-
Deposits	1,027	1,446	-	-
Prepayments	1,056	1,370	11	27
Amount due from subsidiary companies	-	-	4,074	3,570
Cash and bank balances	18,816	20,147	6,214	10,508
	<u>21,730</u>	<u>23,628</u>	<u>10,299</u>	<u>14,105</u>
<b>Current Liabilities</b>				
Trade and other payables	6,012	5,405	1,339	1,329
Other liabilities	167	152	-	-
Provisions	1,998	2,046	28	24
Bank loans	897	897	-	-
Finance lease liabilities	110	110	-	-
Provision for taxation	827	1,357	30	37
	<u>10,011</u>	<u>9,967</u>	<u>1,397</u>	<u>1,390</u>
<b>Net Current Assets</b>	<b>11,719</b>	<b>13,661</b>	<b>8,902</b>	<b>12,715</b>
<b>Non-Current Liabilities</b>				
Bank loans	7,260	7,331	-	-
Finance lease liabilities	305	389	-	-
Deferred tax liabilities	1,225	1,082	-	-
	<u>8,790</u>	<u>8,802</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<b>33,520</b>	<b>33,297</b>	<b>14,815</b>	<b>18,628</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	16,589	16,345	851	4,664
Other reserves	2,967	2,988	-	-
<b>Total Equity</b>	<b>33,520</b>	<b>33,297</b>	<b>14,815</b>	<b>18,628</b>

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

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

As at 31-12-2015		As at 31-03-2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,007	-	1,007	-

**Amount repayable after one year**

As at 31-12-2015		As at 31-03-2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,565	-	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 31 December 2015; and
  - (ii) corporate guarantee by the Company as at 31 December 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.

	The Group		The Group	
	3Q2016 S\$'000	3Q2015 S\$'000	9M2016 S\$'000	9M2015 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	1,507	2,292	4,815	5,500
Adjustments for:				
Amortisation of intangible assets	14	3	29	10
Depreciation of property, plant and equipment	1,137	931	2,946	2,685
Gain on disposal of property, plant and equipment	-	(85)	-	(126)
Property, plant and equipment written off	8	-	26	61
Interest expense	62	25	149	64
Interest income	(7)	(6)	(27)	(24)
Currency realignment	(66)	98	302	115
<b>Operating profit before changes in working capital</b>	<b>2,655</b>	<b>3,258</b>	<b>8,240</b>	<b>8,285</b>
Decrease/(increase) in inventories	158	43	(86)	121
(Increase)/decrease in trade and other receivables	(26)	12	(80)	(66)
Decrease in amount due from an associated company	-	-	-	(115)
(Increase)/decrease in deposits	(92)	(91)	337	(115)
Decrease/(increase) in prepayments	276	15	314	(602)
(Decrease)/increase in trade and other payables	(299)	(885)	607	(444)
Increase in other liabilities	-	-	15	17
Decrease in provisions	(53)	(82)	(86)	(109)
<b>Cash flows from operations</b>	<b>2,619</b>	<b>2,270</b>	<b>9,261</b>	<b>6,972</b>
Tax paid	(661)	(818)	(1,319)	(1,492)
<b>Net cash flows from operating activities</b>	<b>1,958</b>	<b>1,452</b>	<b>7,942</b>	<b>5,480</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(2,633)	(1,287)	(5,114)	(5,259)
Additions to intangible assets	(36)	-	(241)	-
Proceeds from disposal of property, plant and equipment	-	279	-	320
Interest received	7	6	27	24
<b>Net cash flows used in investing activities</b>	<b>(2,662)</b>	<b>(1,002)</b>	<b>(5,328)</b>	<b>(4,915)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank loan	333	-	333	2,569
Repayment of finance lease liabilities	(28)	(24)	(84)	(118)
Dividends paid	(1,820)	(1,820)	(3,641)	(3,641)
Interest paid	(62)	(24)	(149)	(63)
Repayment of bank loans	(213)	(112)	(404)	(318)
<b>Net cash flows used in financing activities</b>	<b>(1,790)</b>	<b>(1,980)</b>	<b>(3,945)</b>	<b>(1,571)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,494)</b>	<b>(1,530)</b>	<b>(1,331)</b>	<b>(1,006)</b>
Cash and cash equivalents at the beginning of the financial period	21,310	20,903	20,147	20,379
<b>Cash and cash equivalents at the end of the financial period</b>	<b>18,816</b>	<b>19,373</b>	<b>18,816</b>	<b>19,373</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.

	Equity attributable to owners of the Company					Total equity
	Share capital	Retained earnings	Other reserves	Foreign currency translation	Asset revaluation reserve	
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2015</b>	13,964	16,345	2,988	37	2,951	33,297
Profit for the period	-	2,655	-	-	-	2,655
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	(15)	(15)	-	(15)
<b>Total comprehensive income for the period</b>	-	2,655	(15)	(15)	-	2,640
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
<b>Balance at 30 September 2015</b>	<b>13,964</b>	<b>17,179</b>	<b>2,973</b>	<b>22</b>	<b>2,951</b>	<b>34,116</b>
Profit for the period	-	1,230	-	-	-	1,230
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	(6)	(6)	-	(6)
<b>Total comprehensive income for the period</b>	-	1,230	(6)	(6)	-	1,224
Dividends on ordinary shares	-	(1,820)	-	-	-	(1,820)
<b>Balance at 31 December 2015</b>	<b>13,964</b>	<b>16,589</b>	<b>2,967</b>	<b>16</b>	<b>2,951</b>	<b>33,520</b>

**Equity attributable to owners of the Company**

The Group	Share capital	Retained earnings	Other reserves	Foreign currency translation	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2014</b>	13,964	14,701	2,837	(12)	2,849	31,502
Profit for the period	-	2,557	-	-	-	2,557
<b><u>Other comprehensive income</u></b>						
Deferred tax on revaluation of freehold land and buildings	-	-	93	-	93	93
Exchange differences on translating foreign operations	-	-	23	23	-	23
<b>Total comprehensive income for the period</b>	-	2,557	116	23	93	2,673
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
<b>Balance at 30 September 2014</b>	<b>13,964</b>	<b>15,437</b>	<b>2,953</b>	<b>11</b>	<b>2,942</b>	<b>32,354</b>
Profit for the period	-	1,899	-	-	-	1,899
<b><u>Other comprehensive income</u></b>						
Exchange differences on translating foreign operations	-	-	4	4	-	4
<b>Total comprehensive income for the period</b>	-	1,899	4	4	-	1,903
Dividends on ordinary shares	-	(1,820)	-	-	-	(1,821)
<b>Balance at 31 December 2014</b>	<b>13,964</b>	<b>15,516</b>	<b>2,957</b>	<b>15</b>	<b>2,942</b>	<b>32,436</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	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at 1 April 2015</b>	13,964	4,664	18,628
Loss for the period	-	(301)	(301)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(301)	(301)
Dividends on ordinary shares	-	(1,821)	(1,821)
<b>Balance at 30 September 2015</b>	<b>13,964</b>	<b>2,542</b>	<b>16,506</b>
Profit for the period	-	129	129
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	129	129
Dividends on ordinary shares	-	(1,820)	(1,820)
<b>Balance at 31 December 2015</b>	<b>13,964</b>	<b>851</b>	<b>14,815</b>
	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
<b>The Company</b>			
<b>Balance at 1 April 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>Balance at 30 September 2014</b>	<b>13,964</b>	<b>1,239</b>	<b>15,203</b>
Profit for the period	-	2,392	2,392
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,392	2,392
Dividends on ordinary shares	-	(1,820)	(1,820)
<b>Balance at 31 December 2014</b>	<b>13,964</b>	<b>1,811</b>	<b>15,775</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 31 December 2015 and 30 September 2015	121,374,700	13,964

There were no treasury shares, outstanding options and/or other convertibles as at 31 December 2015 and 31 December 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 31-12-2015	As at 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 :-	The Group		The Group	
	3Q2016	3Q2015	9M2016	9M2015
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.01	1.56	3.20	3.67
(b) On a fully diluted basis (Singapore cents)	1.01	1.56	3.20	3.67

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	3Q2016	3Q2015	9M2016	9M2015
(a) Based on weighted average number of ordinary shares in issue ; and	121,374,700	121,374,700	121,374,700	121,374,700
(b) On a fully diluted basis	121,374,700	121,374,700	121,374,700	121,374,700

The basic and diluted EPS for the financial periods ended 31 December 2015 and 31 December 2014 are the same, as there are no potentially dilutive shares in issue as at 31 December 2015 and 31 December 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.**

	The Group		The Company	
	31-12-2015	31-03-2015	31-12-2015	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\$0.28	S\$0.27	S\$0.12	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 decreased from approximately S\$19.2 million for the financial period from 1 October 2014 to 31 December 2014 ("**3Q2015**") to approximately S\$18.9 million for the period from 1 October 2015 to 31 December 2015 ("**3Q2016**"), a decrease of approximately S\$350,000 or 1.8%.

Revenue from the retail division decreased by approximately S\$256,000 or 1.4%. The decrease in revenue was mainly due to absence of revenue from temporary closure of outlets due to mall revamps, offset by incremental revenue from new outlets and higher revenue from existing outlets.

Revenue from other services, such as delivery and catering services decreased by approximately S\$94,000 or 34.7%.

As at 31 December 2015, the Group operated a total of 82 outlets in Singapore as compared to 79 outlets as at 31 December 2014.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 31.5% of the Group's revenue in 3Q2016, as compared to approximately 33.3% in 3Q2015.

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

Cost of sales decreased by approximately S\$102,000 or 1.4%.

The Group's gross profit decreased by approximately S\$248,000 or 2.1%. The Group's gross profit margin decreased slightly from approximately 62.7% in 3Q2015 to 62.6% in 3Q2016 due to higher production staff cost and an increase in depreciation incurred for the Group's new Singapore factory at 4 Woodlands Terrace ("**New Factory**").

### **Other income**

The decrease in other income of approximately S\$290,000 was mainly due to:

- (a) a decrease in government grant income of approximately S\$194,000 largely pursuant to the absence in 3Q2016 of government grant income to support our expansion initiatives which was recognised in 3Q2015; and
- (b) absence in 3Q2016 of gain from disposal of motor vehicle income of approximately S\$85,000 which was recognised in 3Q2015.

### **Operating Expenses**

#### Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by approximately S\$265,000 or 3.7%. S & D expenses in 3Q2016 amounted to approximately 39.5% of revenue as compared to approximately 37.4% of revenue in 3Q2015.

The increase in S & D expenses as a percentage of revenue was largely attributable to an increase in staff costs including wages of approximately S\$152,000; and higher outlet rental expenses of approximately \$132,000 offset by decreases in advertising, packaging and utilities expenses.

#### Administrative expenses

Administrative expenses increased by approximately S\$113,000 or 4.3%.

The increase in administrative expenses was mainly due to an increase in insurance, general repairs and maintenance, and Head Office's utilities and storage expenses.

### Other expenses

The decrease in other expenses of approximately S\$167,000 was mainly due to lower foreign exchange losses from Malaysian Ringgit denominated receivables against the Singapore Dollar.

As a result of the above, total operating expenses increased by approximately S\$248,000 or 2.4%. Total operating expenses amounted to approximately 55.4% of revenue in 3Q2016 and 53.1% in 3Q2015 respectively.

### **Depreciation**

Depreciation increased by approximately S\$206,000 or 22.1% in 3Q2016 as compared to 3Q2015 mainly due to an increase in depreciation for outlets and the New Factory's renovation and equipment.

### **Finance costs**

The increase in finance costs of approximately S\$37,000 was mainly due to interest expenses on loans taken to finance the construction and renovation of the New Factory.

### **Profit before tax**

The Group's profit before tax decreased from approximately S\$2.3 million in 3Q2015 to approximately S\$1.5 million in 3Q2016, a decrease of approximately S\$785,000 or 34.2%.

### **Taxation**

The Group's taxation expenses decreased by approximately S\$116,000 or 29.5% mainly due to the lower profit before tax for the current period.

### **Balance Sheet**

#### Non-current assets

The increase in the Group's non-current assets of approximately S\$2.2 million or 7.6% was mainly due to:

- (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. This was partially offset by depreciation expenses for the 9 months ended 31 December 2015.
- (b) an increase in intangible assets pursuant to the purchase of new enterprise resource planning software; and
- (c) an increase in long term deposits mainly due to additional lease deposits paid to secure new outlets, and reclassification of short term lease deposits to long term, in accordance with the respective lease tenures.

#### Current assets

The decrease in the Group's current assets of approximately S\$1.9 million or 8.0% was mainly due to:

- (a) a decrease in deposits mainly due to reclassification of lease deposits from short term to long term in accordance with the lease tenures and reclassifications of deposits to property, plant and equipment upon delivery and completion of equipment installations;
- (b) a decrease in prepayment mainly due to reclassifications of advance payment to property, plant and equipment and intangible assets upon delivery and completion of system implementation; and
- (c) a decrease of S\$1.3 million in cash and bank balances mainly due to purchase of property, plant and equipment, repayment of bank loans and finance leases, and dividends paid during 9M2016, partially offset by cash inflow from operating activities, and proceeds from bank loan for the construction and renovation of our New Factory.

The decrease in current assets was partially offset by an increase in inventories largely attributable to higher purchases of raw materials this quarter at more favourable bulk prices and trade and other receivables largely pursuant to an increase in catering receivables from government agencies.

#### Current liabilities

The increase in the Group's current liabilities of approximately S\$44,000 or 0.4% was mainly due to:

- a) an increase in trade and other payables of S\$607,000 as a result of the increase in period-end billings by our trade suppliers and contractors offset by
- b) a decrease in provision for taxation of S\$530,000 mainly due to tax payment, offset by additional tax provision during 9M2016.

#### Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$12,000 or 0.1% mainly due to repayment of bank loans and finance lease offset by increase in deferred taxation provision during 9M2016.

#### Net working capital

As at 31 December 2015, the Group had a positive net working capital of approximately S\$11.7 million as compared to approximately S\$13.7 million as at 31 March 2015.

#### **Cash flow**

For 3Q2016, the Group generated an operating profit before working capital changes of approximately S\$2.7 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$2.0 million in 3Q2016.

In 3Q2016, net cash used in investing activities amounted to approximately S\$2.7 million. This was mainly attributable to renovation and construction costs which has been capitalised plant, property and equipment, and the purchase of plant and equipment for the Group's New Factory and retail outlets.

Net cash used in financing activities amounted to approximately S\$1.8 million in 3Q2016. This was mainly due to dividends paid, and repayments of bank loan and finance lease liabilities including interest paid, partially offset by proceeds from bank loan.

**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 new factory in Iskandar Malaysia and expanded factory facilities in Singapore at 2 Woodlands Terrace are expected to be fully operational in the coming months. These 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.**

None

**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 3 months and 9 months ended 31 December 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**

4 February 2016

*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.*