

**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 2016**

**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		
	3Q2017	3Q2016	+ / (-)	9M2017	9M2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	20,272	18,857	7.5	59,111	56,162	5.3
Cost of sales	(7,338)	(7,060)	3.9	(21,623)	(20,513)	5.4
<b>Gross profit</b>	12,934	11,797	9.6	37,488	35,649	5.2
<b>Other items of income</b>						
Interest income on short term deposits	15	7	114.3	69	27	155.6
Other income	169	155	9.0	841	973	(13.6)
<b>Other items of expenses</b>						
Selling and distribution expenses	(8,102)	(7,449)	8.8	(23,881)	(22,573)	5.8
Administrative expenses	(2,944)	(2,752)	7.0	(8,544)	(8,041)	6.3
Finance costs	(38)	(62)	(38.7)	(128)	(149)	(14.1)
Other expenses	(369)	(189)	95.2	(1,049)	(1,071)	(2.1)
<b>Profit before tax for the period</b>	1,665	1,507	10.5	4,796	4,815	(0.4)
Income tax expense	(299)	(277)	7.9	(947)	(930)	1.8
<b>Profit for the period</b>	1,366	1,230	11.1	3,849	3,885	(0.9)
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	6	(6)	(200.0)	10	(21)	(147.6)
<b>Other comprehensive income for the period, net of tax</b>	6	(6)	(200.0)	10	(21)	(147.6)
<b>Total comprehensive income for the period, attributable to owners of the Company</b>	1,372	1,224	12.1	3,859	3,864	(0.1)

**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		
	3Q2017	3Q2016	+/(-)	9M2017	9M2016	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	13	14	(7.1)	43	29	48.3
Depreciation of property, plant and equipment	1,132	1,137	(0.4)	3,336	2,946	13.2
Interest income from short-term deposits	(15)	(7)	114.3	(69)	(27)	155.6
Interest expenses	38	62	(38.7)	128	149	(14.1)
Loss/(gain) in foreign exchange, net	91	(55)	(265.5)	273	405	(32.6)
Property, plant and equipment written off	48	8	NM	68	26	161.5
Gain on disposal of property, plant and equipment	(18)	-	NM	(19)	-	NM

2. The major components of taxation comprise:

	The Group			The Group		
	3Q2017	3Q2016	+/(-)	9M2017	9M2016	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax						
-Current income taxation	316	47	572.3	1,110	750	48.0
-(Over)/under provision in respect of prior year	(41)	39	(205.1)	(46)	39	(217.9)
Deferred income tax						
-Movement in temporary differences	24	191	(87.4)	(117)	141	-183.0
Taxation recognised in the consolidated statement of comprehensive income	299	277	7.9	947	930	1.8

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	
	31-12-2016	31-03-2016	31-12-2016	31-03-2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	32,152	28,928	-	-
Intangible assets	368	385	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Long term deposits	1,847	1,748	-	-
	<u>34,640</u>	<u>31,334</u>	<u>5,913</u>	<u>5,913</u>
<b>Current Assets</b>				
Inventories	817	716	-	-
Trade and other receivables	252	156	-	-
Deposits	1,142	1,156	-	-
Prepayments	2,373	1,703	22	24
Amount due from associated companies	101	-	95	-
Amount due from subsidiary companies	-	-	7,757	9,735
Cash and bank balances	12,961	19,407	3,036	6,594
	<u>17,646</u>	<u>23,138</u>	<u>10,910</u>	<u>16,353</u>
<b>Current Liabilities</b>				
Trade and other payables	8,510	7,129	1,332	1,712
Other liabilities	171	162	-	-
Provisions	2,194	2,049	50	33
Bank loans	944	944	-	-
Finance lease liabilities	110	110	-	-
Provision for taxation	1,159	546	30	28
	<u>13,088</u>	<u>10,940</u>	<u>1,412</u>	<u>1,773</u>
<b>Net Current Assets</b>	4,558	12,198	9,498	14,580
<b>Non-Current Liabilities</b>				
Bank loans	6,268	6,976	-	-
Finance lease liabilities	195	279	-	-
Deferred tax liabilities	1,544	1,662	-	-
	<u>8,007</u>	<u>8,917</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u>31,191</u>	<u>34,615</u>	<u>15,411</u>	<u>20,493</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	14,243	17,677	1,447	6,529
Other reserves	2,984	2,974	-	-
<b>Total Equity</b>	<u>31,191</u>	<u>34,615</u>	<u>15,411</u>	<u>20,493</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 31-12-2016</b>		<b>As at 31-03-2016</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
1,054	-	1,054	-

**Amount repayable after one year**

<b>As at 31-12-2016</b>		<b>As at 31-03-2016</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
6,463	-	7,255	-

**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 2016; and
- (ii) corporate guarantee by the Company as at 31 December 2016.

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	
	3Q2017	3Q2016	9M2017	9M2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	1,665	1,507	4,796	4,815
Adjustments for:				
Amortisation of intangible assets	13	14	43	29
Depreciation of property, plant and equipment	1,132	1,137	3,336	2,946
Gain on disposal of property, plant and equipment	(18)	-	(19)	-
Property, plant and equipment written off	48	8	68	26
Interest expense	38	62	128	149
Interest income	(15)	(7)	(69)	(27)
Currency realignment	70	(66)	213	302
<b>Operating profit before changes in working capital</b>	<b>2,933</b>	<b>2,655</b>	<b>8,496</b>	<b>8,240</b>
(Increase)/decrease in inventories	(38)	158	(101)	(86)
Decrease/(increase) in trade and other receivables	45	(26)	(96)	(80)
Increase in amount due from an associated company	(21)	-	(101)	-
(Increase)/decrease in deposits	(101)	(92)	(85)	337
(Increase)/decrease in prepayments	(51)	276	(670)	314
Increase/(decrease) in trade and other payables	1,128	(299)	1,381	607
Increase in other liabilities	2	-	9	15
Decrease in provisions	(69)	(53)	-	(86)
<b>Cash flows from operations</b>	<b>3,828</b>	<b>2,619</b>	<b>8,833</b>	<b>9,261</b>
Tax paid	(205)	(661)	(451)	(1,319)
<b>Net cash flows from operating activities</b>	<b>3,623</b>	<b>1,958</b>	<b>8,382</b>	<b>7,942</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(3,780)	(2,633)	(6,686)	(5,114)
Purchase of intangible assets	(19)	(36)	(26)	(241)
Proceeds from disposal of property, plant and equipment	18	-	19	-
Interest income received	15	7	69	27
<b>Net cash flows used in investing activities</b>	<b>(3,766)</b>	<b>(2,662)</b>	<b>(6,624)</b>	<b>(5,328)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank loan	-	333	-	333
Repayment of finance lease liabilities	(29)	(28)	(85)	(84)
Dividends paid	(1,821)	(1,820)	(7,283)	(3,641)
Interest paid	(38)	(62)	(128)	(149)
Repayment of bank loans	(236)	(213)	(708)	(404)
<b>Net cash flows used in financing activities</b>	<b>(2,124)</b>	<b>(1,790)</b>	<b>(8,204)</b>	<b>(3,945)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,267)</b>	<b>(2,494)</b>	<b>(6,446)</b>	<b>(1,331)</b>
Cash and cash equivalents at the beginning of the financial period	15,228	21,310	19,407	20,147
<b>Cash and cash equivalents at the end of the financial period</b>	<b>12,961</b>	<b>18,816</b>	<b>12,961</b>	<b>18,816</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 Group	Equity attributable to owners of the Company					
	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 2016</b>	13,964	17,677	2,974	23	2,951	34,615
Profit for the period	-	2,483	-	-	-	2,483
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	4	4	-	4
<b>Total comprehensive income for the period</b>	-	2,483	4	4	-	2,487
Dividends on ordinary shares	-	(5,462)	-	-	-	(5,462)
<b>Balance at 30 September 2016</b>	<b>13,964</b>	<b>14,698</b>	<b>2,978</b>	<b>27</b>	<b>2,951</b>	<b>31,640</b>
Profit for the period	-	1,366	-	-	-	1,366
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	-	-	6	6	-	6
<b>Total comprehensive income for the period</b>	-	1,366	6	6	-	1,372
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
<b>Balance at 31 December 2016</b>	<b>13,964</b>	<b>14,243</b>	<b>2,984</b>	<b>33</b>	<b>2,951</b>	<b>31,191</b>

The Group	Equity attributable to owners of the Company					
	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 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>

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 2016</b>	13,964	6,529	20,493
Profit for the period	-	(31)	(31)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(31)	(31)
Dividends on ordinary shares	-	(5,462)	(5,462)
<b>Balance at 30 September 2016</b>	<b>13,964</b>	<b>1,036</b>	<b>15,000</b>
Profit for the period	-	2,232	2,232
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,232	2,232
Dividends on ordinary shares	-	(1,821)	(1,821)
<b>Balance at 31 December 2016</b>	<b>13,964</b>	<b>1,447</b>	<b>15,411</b>
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
Profit 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>

- 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 2016 and 30 September 2016	121,374,700	13,964

There were no treasury shares, outstanding options and/or other convertibles as at 31 December 2016 and 31 December 2015.

- 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 31-12-2016	As at 31-03-2016
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 2016.

- 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 2016. 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	
	3Q2017	3Q2016	9M2017	9M2016
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.13	1.01	3.17	3.20
(b) On a fully diluted basis (Singapore cents)	1.13	1.01	3.17	3.20

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	3Q2017	3Q2016	9M2017	9M2016
(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 2016 and 31 December 2015 are the same as there are no potentially dilutive shares in issue as at 31 December 2016 and 31 December 2015.

**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	
	31-12-2016	31-03-2016	31-12-2016	31-03-2016
Net asset value per ordinary share based on total number of issued shares as at the end of the financial period reported on	S\$0.26	S\$0.29	S\$0.13	S\$0.17
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\$18.9 million for the financial period from 1 October 2015 to 31 December 2015 ("**3Q2016**") to approximately S\$20.3 million for the period from 1 October 2016 to 31 December 2016 ("**3Q2017**"), an increase of approximately S\$1.4 million or 7.5%.

Revenue from retail outlets increased by approximately S\$1.3 million or 7.0%. The increase in revenue was mainly due to revenue contribution from new outlets, partially offset by lower revenue from existing outlets, and absence of revenue from temporary closure of outlets due to mall revamps.

Revenue from other services, such as delivery and catering services increased by approximately S\$98,000 or 58.9%, mainly due to higher sales generated from food delivery services.

As at 31 December 2016, the Group operated a total of 88 outlets in Singapore as compared to 82 outlets as at 31 December 2015.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 32.7% of the Group's revenue in 3Q2017, as compared to approximately 31.5% in 3Q2016.

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

Cost of sales increased by approximately S\$278,000 or 3.9%. 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 9.6%. The Group's gross profit margin increased from approximately 62.6% in 3Q2016 to 63.8% in 3Q2017, mainly due to improved factory efficiency in 3Q2017, such as lower production-related depreciation, raw materials and production staff cost as a percentage of revenue in 3Q2017

### **Other income**

Other income increased by approximately S\$14,000 mainly due to a gain on disposal of motor vehicle of approximately S\$19,000.

### **Operating Expenses**

#### Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by approximately S\$653,000 or 8.8%. S & D expenses in 3Q2017 amounted to approximately 40.0% of revenue as compared to approximately 39.5% of revenue in 3Q2016.

The increase in S & D expenses as a percentage of revenue was largely attributable to an increase in staff costs of approximately S\$184,000; higher outlet rental expenses of approximately \$269,000 and higher advertising and packaging expenses of approximately S\$140,000.

#### Administrative expenses

Administrative expenses increased by approximately S\$192,000 or 7.0%.

The increase in administrative expenses was mainly due to an increase in head office staff costs arising from wage adjustment and higher travelling expenses.

#### Other expenses

The increase in other expenses of approximately S\$180,000 in 3Q2017 was mainly due to higher foreign exchange losses of approximately S\$169,000 primarily on Malaysian Ringgit denominated loans to a subsidiary company.

As a result of the above, total operating expenses increased by approximately S\$1.0 million or 9.6%. Total operating expenses amounted to approximately 56.5% of revenue in 3Q2017 and 55.4% in 3Q2016 respectively.

### **Finance costs**

Finance costs decreased by approximately S\$24,000 mainly due to partial repayment of loans taken to finance the construction and renovation of factory facilities.

### **Profit before tax**

The Group's profit before tax increased from approximately S\$1.5 million in 3Q2016 to approximately S\$1.7 million in 3Q2017, an increase of approximately S\$158,000 or 10.5%.

### **Taxation**

The Group's taxation expenses increased by approximately S\$22,000 or 7.9%. The increase was mainly due to the higher profit before tax in 3Q2017 as compared to 3Q2016.

### **Balance Sheet**

#### Non-current assets

The Group's non-current assets increased by approximately S\$3.3 million or 10.6% 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 retail outlets, and construction of the Group's new factory facility in Singapore; partially offset by depreciation expenses and assets written off for 3Q2017; and
- (b) 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 upon lease renewals, in accordance with the respective lease tenures.

#### Current assets

The Group's current assets decreased by approximately S\$5.5 million or 23.7% 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 refund of deposits for closed outlets offset by increase in tender deposits for new outlets; and
- (b) a decrease of S\$6.4 million in cash and bank balances mainly due to purchase of property, plant and equipment, repayment of bank loans and finance leases, and dividends of S\$7.3 million paid during 9M2017, partially offset by cash inflow from operating activities.

The decrease in current assets was partially offset by:-

- (i) an increase in inventories due largely attributable to higher purchases of raw materials and finished goods at more favourable bulk prices;
- (ii) an increase in trade and other receivables due to slower debtor repayments for sale of waste oil and credit sales from the commencement of the Malaysia factory's operations,
- (iii) an increase in prepayment due to advance payments for equipment purchase and renewal of insurance policies; and
- (iv) an increase in advances to its Malaysian associated company to fund its operational requirements.

### Current liabilities

The Group's current liabilities increased by approximately S\$2.1 million or 19.6% mainly due to the following:

- (a) an increase in trade and other payables mainly due to increase in period-end billings by trade suppliers and contractors;
- (b) an increase in provision due to provision for reinstatement cost for new outlets; and
- (c) an increase in provision for taxation mainly due to tax expenses provided of approximately S\$1.1 million, offset by tax paid of approximately S\$0.5 million during the period.

### Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$910,000 or 10.2% mainly due to a decrease in deferred tax liabilities and repayment of bank loans and finance lease in 9M2017.

### Net working capital

As at 31 December 2016, the Group had a positive net working capital of approximately S\$4.6 million as compared to approximately S\$12.2 million as at 31 March 2016.

### **Cash flow**

For 3Q2017, the Group generated an operating profit before working capital changes of approximately S\$2.9 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$3.6 million in 3Q2017.

In 3Q2017, net cash used in investing activities amounted to approximately S\$3.8 million. This was mainly attributable to additions of plant and equipment and renovation costs for the Group's new retail outlets, and construction of the Group's new factory facility in Singapore.

Net cash used in financing activities amounted to approximately S\$2.1 million in 3Q2017. This was mainly due to dividends paid during the period and 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. Retail conditions will continue to be challenging amidst mall revamps and with new entrants in the food and beverage market.

The Group believes that its new factory in Singapore when completed and fully operational in the later part of 2017, together with its Malaysia factory, will provide the platform for the Group to grow its business both locally and regionally, while keeping cost under control.

**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.**

No dividend has been declared/recommendeded for the current financial period reported on.

**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 Update on use of exercise proceeds from Warrants Issue (“Exercise Proceeds”).**

As of 13 February 2017, the entire 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 been fully utilised for additions of property, plant and equipment, in accordance with their stated uses.

**15 Negative 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 third quarter ended 31 December 2016 to be false or misleading in any material aspects.

**16 Confirmation pursuant to Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“Catalist Rules”).**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

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 February 2017

*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.*