

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 SECOND QUARTER ENDED 30 SEPTEMBER 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		
	2Q2017 S\$'000	2Q2016 S\$'000	+/(-) %	1H2017 S\$'000	1H2016 S\$'000	+/(-) %
Revenue	20,252	19,121	5.9	38,839	37,305	4.1
Cost of sales	(7,305)	(7,012)	4.2	(14,285)	(13,453)	6.2
Gross profit	12,947	12,109	6.9	24,554	23,852	2.9
Other items of income						
Interest income on short term deposits	16	10	60.0	54	20	170.0
Other income	521	363	43.5	672	818	(17.8)
Other items of expenses						
Selling and distribution expenses	(8,181)	(7,698)	6.3	(15,779)	(15,124)	4.3
Administrative expenses	(2,961)	(2,676)	10.7	(5,600)	(5,289)	5.9
Finance costs	(42)	(40)	5.0	(90)	(87)	3.4
Other expenses	(323)	(576)	(43.9)	(680)	(882)	(22.9)
Profit before tax for the period	1,977	1,492	32.5	3,131	3,308	(5.4)
Income tax expense	(398)	(282)	41.1	(648)	(653)	(0.8)
Profit for the period	1,579	1,210	30.5	2,483	2,655	(6.5)
Other comprehensive income						
Exchange differences on translating foreign operations	(15)	(6)	150.0	4	(15)	(126.7)
Other comprehensive income for the period, net of tax	(15)	(6)	150.0	4	(15)	(126.7)
Total comprehensive income for the period, attributable to owners of the Company	1,564	1,204	29.9	2,487	2,640	(5.8)

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		
	2Q2017	2Q2016	+/(-) %	1H2017	1H2016	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	15	12	25.0	30	15	100.0
Depreciation of property, plant and equipment	1,104	939	17.6	2,204	1,809	21.8
Interest income from short-term deposits	(16)	(10)	60.0	(54)	(20)	170.0
Interest expenses	42	40	5.0	90	87	3.4
Loss in foreign exchange, net	63	348	(81.9)	182	460	(60.4)
Property, plant and equipment written off	20	18	11.1	20	18	11.1
Gain on disposal of property, plant and equipment	-	-	-	(1)	-	NM

2. The major components of taxation comprise:

	The Group			The Group		
	2Q2017	2Q2016	+/(-) %	1H2017	1H2016	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax						
-Current income taxation	443	314	41.1	794	703	12.9
-Under provision in respect of prior year	-	-	-	(5)	-	NM
Deferred income tax						
-Movement in temporary differences	(45)	(32)	40.6	(141)	(50)	182.0
Taxation recognised in the consolidated statement of comprehensive income	398	282	41.1	648	653	(0.8)

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	
	30-09-2016	31-03-2016	30-09-2016	31-03-2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets				
Property, plant and equipment	29,545	28,928	-	-
Intangible assets	362	385	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Long term deposits	1,819	1,748	-	-
	31,999	31,334	5,913	5,913
Current Assets				
Inventories	920	716	-	-
Trade and other receivables	297	156	-	-
Deposits	1,069	1,156	-	-
Prepayments	2,322	1,703	29	24
Amount due from associated companies	80	-	80	-
Amount due from subsidiary companies	-	-	6,592	9,735
Cash and bank balances	15,228	19,407	3,681	6,594
	19,916	23,138	10,382	16,353
Current Liabilities				
Trade and other payables	7,523	7,129	1,223	1,712
Other liabilities	169	162	-	-
Provisions	2,192	2,049	40	33
Bank loans	944	944	-	-
Finance lease liabilities	110	110	-	-
Provision for taxation	1,089	546	32	28
	12,027	10,940	1,295	1,773
Net Current Assets	7,889	12,198	9,087	14,580
Non-Current Liabilities				
Bank loans	6,504	6,976	-	-
Finance lease liabilities	223	279	-	-
Deferred tax liabilities	1,521	1,662	-	-
	8,248	8,917	-	-
Net Assets	31,640	34,615	15,000	20,493
Equity attributable to owners of the Company				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	14,698	17,677	1,036	6,529
Other reserves	2,978	2,974	-	-
Total Equity	31,640	34,615	15,000	20,493

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

Amount repayable in one year or less, or on demand

As at 30-09-2016		As at 31-03-2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,054	-	1,054	-

Amount repayable after one year

As at 30-09-2016		As at 31-03-2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,727	-	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 30 September 2016; and
- (ii) corporate guarantee by the Company as at 30 September 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	
	2Q2017 S\$'000	2Q2016 S\$'000	1H2017 S\$'000	1H2016 S\$'000
Cash flows from operating activities				
Profit before tax	1,977	1,492	3,131	3,308
Adjustments for:				
Amortisation of intangible assets	15	12	30	15
Depreciation of property, plant and equipment	1,104	939	2,204	1,809
Gain on disposal of property, plant and equipment	-	-	(1)	-
Property, plant and equipment written off	20	18	20	18
Interest expense	42	40	90	87
Interest income	(16)	(10)	(54)	(20)
Currency realignment	34	275	143	368
Operating profit before changes in working capital	3,176	2,766	5,563	5,585
Decrease/(increase) in inventories	27	22	(63)	(244)
Increase in trade and other receivables	(83)	(1)	(141)	(54)
Increase in amount due from an associated company	-	-	(80)	-
Decrease in deposits	13	611	16	429
(Increase)/decrease in prepayments	(456)	53	(619)	38
(Decrease)/increase in trade and other payables	(456)	(584)	253	906
Increase in other liabilities	4	6	7	15
Increase/(decrease) in provisions	53	(18)	69	(33)
Cash flows from operations	2,278	2,855	5,005	6,642
Tax paid	(251)	(658)	(246)	(658)
Net cash flows from operating activities	2,027	2,197	4,759	5,984
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,568)	(1,501)	(2,906)	(2,481)
Purchase of intangible assets	(7)	(197)	(7)	(205)
Proceeds from disposal of property, plant and equipment	-	-	1	-
Interest received	16	10	54	20
Net cash flows used in investing activities	(1,559)	(1,688)	(2,858)	(2,666)
Cash flows from financing activities				
Repayment of finance lease liabilities	(28)	(26)	(56)	(56)
Dividends paid	(5,462)	(1,821)	(5,462)	(1,821)
Interest paid	(42)	(40)	(90)	(87)
Repayment of bank loans	(236)	(85)	(472)	(191)
Net cash flows used in from financing activities	(5,768)	(1,972)	(6,080)	(2,155)
Net (decrease)/increase in cash and cash equivalents	(5,300)	(1,463)	(4,179)	1,163
Cash and cash equivalents at the beginning of the financial period	20,528	22,773	19,407	20,147
Cash and cash equivalents at the end of the financial period	15,228	21,310	15,228	21,310

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

The Group	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Foreign currency translation \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Balance at 1 April 2016	13,964	17,677	2,974	23	2,951	34,615
Profit for the period	-	904	-	-	-	904
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	19	19	-	19
Total comprehensive income for the period	-	904	19	19	-	923
Balance at 30 June 2016	13,964	18,581	2,993	42	2,951	35,538
Profit for the period	-	1,579	-	-	-	1,579
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(15)	(15)	-	(15)
Total comprehensive income for the period	-	1,579	(15)	(15)	-	1,564
Dividends on ordinary shares	-	(5,462)	-	-	-	(5,462)
Balance at 30 September 2016	13,964	14,698	2,978	27	2,951	31,640

Equity attributable to owners of the Company

The Group	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Foreign currency translation \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Balance at 1 April 2015	13,964	16,345	2,988	37	2,951	33,297
Profit for the period	-	1,445	-	-	-	1,445
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(9)	(9)	-	(9)
Total comprehensive income for the period	-	1,445	(9)	(9)	-	1,436
Balance at 30 June 2015	13,964	17,790	2,979	28	2,951	34,733
Profit for the period	-	1,210	-	-	-	1,210
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(6)	(6)	-	(6)
Total comprehensive income for the period	-	1,210	(6)	(6)	-	1,204
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
Balance at 30 September 2015	13,964	17,179	2,973	22	2,951	34,116

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
Balance at 1 April 2016	13,964	6,529	20,493
Profit for the period	-	(49)	(49)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(49)	(49)
Balance at 30 June 2016	13,964	6,480	20,444
Profit for the period	-	18	18
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	18	18
Dividends on ordinary shares	-	(5,462)	(5,462)
Balance at 30 September 2016	13,964	1,036	15,000

The Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 April 2015	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)
Balance at 30 June 2015	13,964	4,619	18,583
Profit for the period	-	(256)	(256)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(256)	(256)
Dividends on ordinary shares	-	(1,821)	(1,821)
Balance at 30 September 2015	13,964	2,542	16,506

- 1(d)(ii) **Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary shares

	Number of shares	S\$’000
Issued and fully paid ordinary shares as at 30 September 2016 and 31 March 2016	121,374,700	13,964

There were no treasury shares, outstanding options and/or other convertibles as at 30 September 2016 and 30 September 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 30-09-2016	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	
	2Q2017	2Q2016	1H2017	1H2016
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.30	1.00	2.05	2.19
(b) On a fully diluted basis (Singapore cents)	1.30	1.00	2.05	2.19

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	2Q2017	2Q2016	1H2017	1H2016
(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 30 September 2016 and 30 September 2015 are the same as there are no potentially dilutive shares in issue as at 30 September 2016 and 30 September 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	
	30-09-2016	31-03-2016	30-09-2016	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	\$0.26	S\$0.29	\$0.12	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\$19.1 million for the financial period from 1 July 2015 to 30 September 2015 ("**2Q2016**") to approximately S\$20.3 million for the period from 1 July 2016 to 30 September 2016 ("**2Q2017**"), an increase of approximately S\$1.1 million or 5.9%.

Revenue from retail outlets increased by approximately S\$1.1 million or 5.8%. The increase in revenue was mainly due to revenue contribution from new outlets and higher revenue from existing outlets, partially offset by 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\$49,000 or 12.8%, mainly due to higher sales generated from Malaysia factory sales.

As at 30 September 2016, the Group operated a total of 87 outlets in Singapore as compared to 84 outlets as at 30 September 2015.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 33.4% of the Group's revenue in 2Q2017, as compared to approximately 31.7% in 2Q2016.

Cost of sales and gross profit

Cost of sales increased by approximately S\$293,000 or 4.2%. The increase was mainly due to the higher revenue generated by the Group and higher depreciation expenses for the Group's new factory facilities in Singapore and Malaysia, and machinery and equipment.

The Group's gross profit increased by approximately S\$838,000 or 6.9%. The Group's gross profit margin increased from approximately 63.3% in 2Q2016 to 63.9% in 2Q2017, mainly due to lower raw materials and production staff cost as a percentage of revenue, offset by higher depreciation expenses arising from the Group's new factory, and machinery and equipment.

Other income

Other income increased by approximately S\$158,000 mainly due to an increase in government grant income of approximately S\$154,000 to support the Group's productivity initiatives.

Operating Expenses

Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by approximately S\$483,000 or 6.3%. S & D expenses remained largely constant at approximately 40.4% of revenue in 2Q2017, as compared to approximately 40.3% of revenue in 2Q2016.

Administrative expenses

Administrative expenses increased by approximately S\$285,000 or 10.7%.

The increase in administrative expenses was mainly due to an increase in head office staff costs, insurance, professional and computer related expenses.

Other expenses

The decrease in other expenses of approximately S\$253,000 in 2Q2017 was mainly due to lower foreign exchange losses of approximately S\$285,000 on Malaysian Ringgit denominated loans to subsidiary companies, offset by an increase in depreciation and amortisation expense for office renovation and computer software.

As a result of the above, total operating expenses increased by approximately S\$517,000 or 4.7%. Total operating expenses amounted to approximately 56.8% of revenue in 2Q2017 and 57.5% in 2Q2016 respectively.

Depreciation

Depreciation increased by approximately S\$165,000 or 17.6% in 2Q2017 as compared to 2Q2016, mainly due to higher depreciation expenses for the Group's new factory facilities in Singapore and Malaysia and new outlets' renovation and machinery and equipment purchase during 2Q2017.

Finance costs

Finance costs increased slightly by approximately S\$2,000 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\$1.5 million in 2Q2016 to approximately S\$2.0 million in 2Q2017, an increase of approximately S\$485,000 or 32.5%.

Taxation

The Group's taxation expenses increased by approximately S\$116,000 or 41.1%. The increase was mainly due to the higher profit before tax provision in 2Q2017 as compared to 2Q2016.

Balance Sheet

Non-current assets

The Group's non-current assets increased by approximately S\$665,000 or 2.1% 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 for 1H2017; 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\$3.2 million or 13.9% mainly due to the following:

- (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 tender deposits for new outlets; and
- (b) a decrease of S\$4.2 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\$5.5 million paid during 1H2017, 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 goods in transit and 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.

Current liabilities

The Group's current liabilities increased by approximately S\$1.1 million or 9.9% 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 to tax expenses provided offset by tax paid during the period.

Non-current liabilities

The Group's non-current liabilities decreased by approximately S\$669,000 or 7.5% mainly due to a decrease in deferred tax liabilities and repayment of bank loans and finance lease in 1H2017.

Net working capital

As at 30 September 2016, the Group had a positive net working capital of approximately S\$7.9 million as compared to approximately S\$12.2 million as at 31 March 2016.

Cash flow

For 2Q2017, the Group generated an operating profit before working capital changes of approximately S\$3.2 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$2.0 million in 2Q2017.

In 2Q2017, net cash used in investing activities amounted to approximately S\$1.6 million. This was mainly attributable to renovation costs for new outlets and the purchase of plant and equipment for the Group's new Singapore factory facility and retail outlets.

Net cash used in financing activities amounted to approximately S\$5.8 million in 2Q2017. 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 operational, 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?

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

Name of Dividend	: Ordinary (interim)
Dividend Type	: Cash

Dividend per share : 1.5 Singapore cent per ordinary share
Tax Rate : Tax exempt (one-tier)

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

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

(c) Date payable.

On or around 16 December 2016.

(d) Books closure date.

2 December 2016.

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

As of 10 November 2016, of the original 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, the Company has utilised S\$1,430,310 for additions of property, plant and equipment.

The remaining amount of S\$1,367,170 remains unutilised. The Company will continue to make periodic announcements on the use of the Exercise Proceeds as and when such proceeds are materially disbursed.

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 3 months ended 30 September 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

10 November 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.

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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.