

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 2017**

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		
	2Q2018 S\$'000	2Q2017 S\$'000	+ / (-) %	1H2018 S\$'000	1H2017 S\$'000	+ / (-) %
Revenue	21,437	20,252	5.9	42,005	38,839	8.2
Cost of sales	(8,552)	(7,305)	17.1	(16,589)	(14,285)	16.1
Gross profit	12,885	12,947	(0.5)	25,416	24,554	3.5
Other items of income						
Interest income on short term deposits	15	16	(6.3)	29	54	(46.3)
Other income	217	521	(58.3)	371	672	(44.8)
Other items of expenses						
Selling and distribution expenses	(8,648)	(8,181)	5.7	(17,299)	(15,779)	9.6
Administrative expenses	(3,057)	(2,961)	3.2	(5,908)	(5,600)	5.5
Finance costs	(73)	(42)	73.8	(138)	(90)	53.3
Other expenses	(359)	(323)	11.1	(546)	(680)	(19.7)
Profit before tax and share of results of joint venture	980	1,977	(50.4)	1,925	3,131	(38.5)
Share of results of joint venture	(22)	-	NM	(53)	-	NM
Profit before tax	958	1,977	(51.5)	1,872	3,131	(40.2)
Income tax expense	(210)	(398)	(47.2)	(453)	(648)	(30.1)
Profit for the period	748	1,579	(52.6)	1,419	2,483	(42.9)
Other comprehensive income						
Exchange differences on translating foreign operations	(10)	(15)	(33.3)	(14)	4	(450.0)
Other comprehensive income for the period, net of tax	(10)	(15)	(33.3)	(14)	4	(450.0)
Total comprehensive income for the period, attributable to owners of the Company	738	1,564	(52.8)	1,405	2,487	(43.5)

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:

	The Group			The Group		
	2Q2018	2Q2017	+/(-)	1H2018	1H2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	16	15	6.7	31	30	3.3
Depreciation of property, plant and equipment	1,145	1,104	3.7	2,248	2,204	2.0
Interest income from short-term deposits	(15)	(16)	(6.3)	(29)	(54)	(46.3)
Interest expenses	73	42	73.8	138	90	53.3
(Gain) / loss in foreign exchange, net	(14)	63	(122.2)	(60)	182	(133.0)
Property, plant and equipment written off	105	20	425.0	106	20	430.0
Loss/ (gain) on disposal of property, plant and equipment	21	-	NM	27	(1)	NM

2. The major components of taxation comprise:

	The Group			The Group		
	2Q2018	2Q2017	+/(-)	1H2018	1H2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax						
-Current income taxation	80	443	(81.9)	258	794	(67.5)
-Under provision in respect of prior year	-	-	-	(5)	(5)	-
Deferred income tax						
-Movement in temporary differences	130	(45)	(388.9)	200	(141)	(241.8)
Taxation recognised in the consolidated statement of comprehensive income	210	398	(47.2)	453	648	(30.1)

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	
	30-09-2017	31-03-2017	30-09-2017	31-03-2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets				
Property, plant and equipment	30,240	27,571	-	-
Intangible assets	321	352	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Investment in joint venture	484	-	537	-
Long term deposits	2,158	2,024	-	-
	<u>33,476</u>	<u>30,220</u>	<u>6,450</u>	<u>5,913</u>
Current Assets				
Inventories	1,036	705	-	-
Trade and other receivables	268	253	-	-
Deposits	1,236	1,040	-	-
Prepayments	2,790	2,939	29	24
Amount due from associated companies	84	-	80	-
Amount due from subsidiary companies	-	-	8,046	7,720
Cash and bank balances	13,124	15,555	2,107	5,557
	<u>18,538</u>	<u>20,492</u>	<u>10,262</u>	<u>13,301</u>
Current Liabilities				
Trade and other payables	8,971	8,252	1,008	1,834
Other liabilities	177	170	-	-
Provisions	2,224	2,285	51	32
Bank loans	1,430	4,230	-	-
Finance lease liabilities	147	117	-	-
Provision for taxation	823	1,129	22	16
	<u>13,772</u>	<u>16,183</u>	<u>1,081</u>	<u>1,882</u>
Net Current Assets	4,766	4,309	9,181	11,419
Non-Current Liabilities				
Bank loans	9,894	6,032	-	-
Finance lease liabilities	227	160	-	-
Deferred tax liabilities	1,163	963	-	-
	<u>11,284</u>	<u>7,155</u>	<u>-</u>	<u>-</u>
Net Assets	26,958	27,374	15,631	17,332
Equity attributable to owners of the Company				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	11,737	12,139	1,667	3,368
Other reserves	1,257	1,271	-	-
Total Equity	26,958	27,374	15,631	17,332

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

Amount repayable in one year or less, or on demand

As at 30-09-2017		As at 31-03-2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,577	-	4,347	-

Amount repayable after one year

As at 30-09-2017		As at 31-03-2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
10,121	-	6,192	-

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 2017; and
- (ii) corporate guarantee by the Company as at 30 September 2017.

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	
	2Q2018	2Q2017	1H2018	1H2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	958	1,977	1,872	3,131
Adjustments for:				
Amortisation of intangible assets	16	15	31	30
Depreciation of property, plant and equipment	1,145	1,104	2,248	2,204
Loss/(gain) on disposal of property, plant and equipment	21	-	27	(1)
Property, plant and equipment written off	105	20	106	20
Share of results of joint ventures	22	-	53	-
Interest expense	73	42	138	90
Interest income	(15)	(16)	(29)	(54)
Currency realignment	(17)	34	(59)	143
Operating profit before changes in working capital	2,308	3,176	4,387	5,563
(Increase)/decrease in inventories	(270)	27	(331)	(63)
Decrease/(increase) in trade and other receivables	225	(83)	(15)	(141)
Increase in amount due from an associated company	(60)	-	(84)	(80)
(Increase)/decrease in deposits	(97)	13	(330)	16
Decrease/(increase) in prepayments	839	(456)	149	(619)
Increase/(decrease) in trade and other payables	43	(456)	719	253
Increase in other liabilities	2	4	7	7
(Decrease)/increase in provisions	(101)	53	(90)	69
Cash flows from operations	2,889	2,278	4,412	5,005
Tax paid	(564)	(251)	(559)	(246)
Net cash flows from operating activities	2,325	2,027	3,853	4,759
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,184)	(1,568)	(4,834)	(2,906)
Purchase of intangible assets	-	(7)	-	(7)
Proceeds from disposal of property, plant and equipment	5	-	17	1
Capital injection into joint ventures	-	-	(537)	-
Interest received	15	16	29	54
Net cash flows used in investing activities	(2,164)	(1,559)	(5,325)	(2,858)
Cash flows from financing activities				
Proceeds from bank loan	-	-	1,575	-
Repayment of finance lease liabilities	(33)	(28)	(62)	(56)
Dividends paid	(1,821)	(5,462)	(1,821)	(5,462)
Interest paid	(73)	(42)	(138)	(90)
Repayment of bank loans	(277)	(236)	(513)	(472)
Net cash flows used in financing activities	(2,204)	(5,768)	(959)	(6,080)
Net decrease in cash and cash equivalents	(2,043)	(5,300)	(2,431)	(4,179)
Cash and cash equivalents at the beginning of the financial period	15,167	20,528	15,555	19,407
Cash and cash equivalents at the end of the financial period	13,124	15,228	13,124	15,228

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	Asset revaluation reserve	Total equity
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2017	13,964	12,139	1,271	38	1,233	27,374
Profit for the period	-	671	-	-	-	671
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(4)	(4)	-	(4)
Total comprehensive income for the period	-	671	(4)	(4)	-	667
Balance at 30 June 2017	13,964	12,810	1,267	34	1,233	28,041
Profit for the period	-	748	-	-	-	748
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(10)	(10)	-	(10)
Total comprehensive income for the period	-	748	(10)	(10)	-	738
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
Balance at 30 September 2017	13,964	11,737	1,257	24	1,233	26,958

	Equity attributable to owners of the Company					
	Share capital	Retained earnings	Other reserves	Foreign currency translation	Asset revaluation reserve	Total equity
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

- 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 2017	13,964	3,368	17,332
Profit for the period	-	59	59
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	59	59
Balance at 30 June 2017	13,964	3,427	17,391
Profit for the period	-	61	61
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	61	61
Dividends on ordinary shares	-	(1,821)	(1,821)
Balance at 30 September 2017	13,964	1,667	15,631

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

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017 and 30 June 2017	121,374,700	13,964

There were no treasury shares, subsidiary holdings, outstanding options and/or other convertibles as at 30 September 2017 and 30 September 2016.

- 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 30-09-2017	As at 31-03-2017
Total number of issued shares	121,374,700	121,374,700

- 1(d)(iv) **A statement showing all sales, transfers, 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 period reported on.

- 1(d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period 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 2017.

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 2017. 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	
	2Q2018	2Q2017	1H2018	1H2017
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	0.62	1.30	1.17	2.05
(b) On a fully diluted basis (Singapore cents)	0.62	1.30	1.17	2.05

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	2Q2018	2Q2017	1H2018	1H2017
(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 2017 and 30 September 2016 are the same as there are no potentially dilutive shares in issue as at 30 September 2017 and 30 September 2016.

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	
	30-09-2017	31-03-2017	30-09-2017	31-03-2017
Net asset value per ordinary share based on total number of issued shares as at the end of the financial period reported on	\$0.22	\$0.23	\$0.13	\$0.14
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\$20.3 million for the financial period from 1 July 2016 to 30 September 2016 ("**2Q2017**") to approximately S\$21.4 million for the period from 1 July 2017 to 30 September 2017 ("**2Q2018**"), an increase of approximately S\$1.2 million or 5.9%.

Revenue from retail outlets increased by approximately S\$1.3 million or 6.4% mainly due to revenue contribution from new outlets and increase in revenue from existing outlets, partially offset by the absence of revenue from closed outlets.

As at 30 September 2017, the Group operated a total of 87 outlets in Singapore as compared to 89 outlets as at 30 September 2016.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 29.6% of the Group's revenue in 2Q2018, as compared to approximately 33.4% in 2Q2017.

Cost of sales and gross profit

Cost of sales increased by approximately S\$1.2 million or 17.1% mainly due to the higher revenue generated by the Group and higher raw material cost for 2Q2018.

The Group's gross profit decreased by approximately S\$62,000 or 0.5%. The Group's gross profit margin decreased from approximately 63.9% in 2Q2017 to 60.1% in 2Q2018. This was mainly due to higher raw material cost and one-time factory test-runs for the commissioning of the Group's new factory equipment.

Other income

Other income decreased by approximately S\$304,000 mainly due to government grants of approximately S\$209,000 to support the Group's productivity and internationalisation projects in 2Q2017 which was absent in 2Q2018, and a gradual scaling back of government grants under the Special Employment Credit scheme amounting to approximately \$104,000 in 2Q2018.

Operating Expenses

Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by approximately S\$467,000 or 5.7%. S & D expenses remained largely constant at approximately 40.3% of revenue in 2Q2018, as compared to approximately 40.4% of revenue in 2Q2017.

Administrative expenses

Administrative expenses increased by approximately S\$96,000 or 3.2%. The increase in administrative expenses was mainly due to a corporate sponsorship of approximately S\$100,000 incurred in 2Q2018 to enhance the Group's long-term brand positioning.

Other expenses

The increase in other expenses of approximately S\$36,000 in 2Q2018 was mainly due to foreign exchange gain of approximately S\$14,000 compared to foreign exchange losses of approximately S\$63,000 in 2Q2017, pursuant to foreign exchange revaluation gain for RM-denominated loans to our Malaysian operations. This was offset by an increase in assets written off, mainly due to outlet closure as a result of mall revamps.

As a result of the above, total operating expenses increased by approximately S\$630,000 or 5.5%. Total operating expenses amounted to approximately 56.6% of revenue in 2Q2018 and 56.8% in 2Q2017 respectively.

Finance costs

Finance costs increased by approximately S\$31,000 mainly due to loan taken, including loans drawn down in the first quarter of the financial year ending 31 March 2018, to finance the construction and renovation of factory facilities.

Share of results of joint venture

The increase was due to start-up losses of approximately S\$22,000 in 2Q2018 for a new joint venture in the United Kingdom.

Profit before tax

The Group's profit before tax decreased from approximately S\$2.0 million in 2Q2017 to approximately S\$958,000 in 2Q2018, a decrease of approximately S\$1.0 million or 51.5% due to the reasons stated above.

Taxation

The Group's taxation expenses decreased by approximately S\$188,000 or 47.2%. The decrease was mainly due to the lower profit before tax in 2Q2018 as compared to 2Q2017.

Balance Sheet

Non-current assets

The Group's non-current assets increased by approximately S\$3.3 million or 10.8% mainly due to the following:

- (a) the purchase of fixed assets mainly for additions of plant and equipment and renovation costs for the Group's new factory facility in Singapore; partially offset by depreciation expenses and assets written off for 2Q2018;
- (b) an investment in a United Kingdom joint venture of approximately S\$537,000, partially offset by start-up losses of approximately S\$53,000 for the joint venture; 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 upon lease renewals, in accordance with the respective lease tenures.

Current assets

The Group's current assets decreased by approximately S\$2.0 million or 9.5% mainly due to a decrease of S\$2.4 million in cash and bank balances.

The decrease in cash and bank balances was mainly due to purchase of property, plant and equipment, repayment of bank loans and finance leases, investment in a United Kingdom joint venture of approximately S\$537,000 and dividends of approximately S\$1.8 million paid during 1H2018, partially offset by cash generated from operations and proceeds from bank loans.

The decrease in current assets was offset by:-

- (a) an increase in inventories largely attributable to higher purchases of finished goods; and
- (b) an increase in deposits mainly due to tender deposits for new outlets offset by reclassification of lease deposits from short term to long term in accordance with the lease tenures.

Current liabilities

The Group's current liabilities decreased by approximately S\$2.4 million or 14.9% mainly due to the following:

- (a) a decrease in current portions of bank loans of approximately S\$2.8 million mainly due to reclassification of bank loans from short term to long term in accordance with the loan repayment periods; and

- (b) a decrease in provision for taxation mainly due to tax paid of approximately S\$559,000 offset by tax expenses provided for the current period.

The decrease in current liabilities was offset by an increase in trade and other payables mainly due to an increase in period-end billings by trade suppliers and contractors.

Non-current liabilities

The Group's non-current liabilities increased by approximately S\$4.1 million or 57.7% mainly due to the following:

- (a) an increase in non-current portions of bank loans due to the construction and renovation of the Singapore factory and reclassification of bank loans from short term to long term in accordance with the loan repayment periods;
- (b) an increase in finance lease mainly for the purchase of new motor vehicles; and
- (c) an increase in deferred tax provision of approximately S\$200,000 for the current period.

Net working capital

As at 30 September 2017, the Group had a positive net working capital of approximately S\$4.8 million as compared to approximately S\$4.3 million as at 31 March 2017.

Cash flow

In 2Q2018, the Group generated an operating profit before working capital changes of approximately S\$2.3 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$2.3 million in 2Q2018.

In 2Q2018, net cash used in investing activities amounted to approximately S\$2.2 million. This was mainly attributable to additions of plant and equipment and renovation costs for the Group's new factory facility in Singapore and new retail outlets.

Net cash used in financing activities amounted to approximately S\$2.2 million in 2Q2018. This was mainly due to dividends of approximately S\$1.8 million paid during 2Q2018, and repayments of bank loan and finance lease liabilities, including interest paid during the period.

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's first flagship outlet in London, United Kingdom is targeted to open in 2018, generating new revenue streams for the Group and uplifting Old Chang Kee's brand positioning. On the current operations, the Group expects operating lease expenses (rental), 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.

Following completion of the new factory facilities and the commissioning of new factory equipment in 2Q2018, the Group will be focusing its efforts on improving its gross margins and revenues. These include continuing investment in brand positioning, bulk purchases at more favourable prices with the expanded factory space, further expanding its product range and increasing the production efficiency of its factories, in order to grow the business both locally and regionally.

11 Dividend.

(a) 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 15 December 2017.

(d) Books closure date.

1 December 2017.

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 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 second quarter ended 30 September 2017 to be false or misleading in any material aspects.

15 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 November 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 Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).