

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 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		
	3Q2018 S\$'000	3Q2017 S\$'000	+/(-) %	9M2018 S\$'000	9M2017 S\$'000	+/(-) %
Revenue	22,227	20,272	9.6	64,232	59,111	8.7
Cost of sales	(8,808)	(7,338)	20.0	(25,397)	(21,623)	17.5
Gross profit	13,419	12,934	3.7	38,835	37,488	3.6
Other items of income						
Interest income on short term deposits	10	15	(33.3)	39	69	(43.5)
Other income	187	169	10.7	558	841	(33.7)
Other items of expenses						
Selling and distribution expenses	(8,862)	(8,102)	9.4	(26,161)	(23,881)	9.5
Administrative expenses	(2,861)	(2,944)	(2.8)	(8,769)	(8,544)	2.6
Finance costs	(74)	(38)	94.7	(212)	(128)	65.6
Other expenses	(428)	(369)	16.0	(974)	(1,049)	(7.1)
Profit before tax and share of results of joint venture	1,391	1,665	(16.5)	3,316	4,796	(30.9)
Share of results of joint venture	(19)	-	NM	(72)	-	NM
Profit before tax	1,372	1,665	(17.6)	3,244	4,796	(32.4)
Income tax expense	(133)	(299)	(55.5)	(586)	(947)	(38.1)
Profit for the period	1,239	1,366	(9.3)	2,658	3,849	(30.9)
Other comprehensive income						
Exchange differences on translating foreign operations	(6)	6	(200.0)	(20)	10	(300.0)
Other comprehensive income for the period, net of tax	(6)	6	(200.0)	(20)	10	(300.0)
Total comprehensive income for the period, attributable to owners of the Company	1,233	1,372	(10.1)	2,638	3,859	(31.6)

NM: Not meaningful

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

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

	The Group			The Group		
	3Q2018	3Q2017	+/(-)	9M2018	9M2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	16	13	23.1	47	43	9.3
Depreciation of property, plant and equipment	1,197	1,132	5.7	3,445	3,336	3.3
Interest income from short-term deposits	(10)	(15)	(33.3)	(39)	(69)	(43.5)
Interest expense	74	38	94.7	212	128	65.6
(Gain) / loss in foreign exchange, net	(49)	91	(153.8)	(109)	273	(139.9)
Property, plant and equipment written off	235	48	389.6	341	68	401.5
Gain on disposal of property, plant and equipment, net	(63)	(18)	250.0	(36)	(19)	89.5

2. The major components of taxation comprise:

	The Group			The Group		
	3Q2018	3Q2017	+/(-)	9M2018	9M2017	+/(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax						
-Current income taxation	140	316	(55.7)	398	1,110	(64.1)
-Over provision in respect of prior year	(103)	(41)	151.2	(108)	(46)	134.8
Deferred income tax						
-Movement in temporary differences	96	24	300.0	296	(117)	(353.0)
Taxation recognised in the consolidated statement of comprehensive income	133	299	(55.5)	586	947	(38.1)

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	
	31-12-2017	31-03-2017	31-12-2017	31-03-2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets				
Property, plant and equipment	31,009	27,571	-	-
Intangible assets	305	352	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Investment in joint venture	465	-	537	-
Long term deposits	2,304	2,024	-	-
	<u>34,356</u>	<u>30,220</u>	<u>6,450</u>	<u>5,913</u>
Current Assets				
Inventories	1,032	705	-	-
Trade and other receivables	333	253	-	-
Deposits	1,119	1,040	-	-
Prepayments	2,270	2,939	21	24
Amount due from associated companies	104	-	100	-
Amount due from subsidiary companies	-	-	9,304	7,720
Cash and bank balances	11,147	15,555	1,478	5,557
	<u>16,005</u>	<u>20,492</u>	<u>10,903</u>	<u>13,301</u>
Current Liabilities				
Trade and other payables	8,438	8,252	1,117	1,834
Other liabilities	176	170	-	-
Provisions	2,235	2,285	32	32
Bank loans	1,430	4,230	-	-
Finance lease liabilities	157	117	-	-
Provision for taxation	399	1,129	12	16
	<u>12,835</u>	<u>16,183</u>	<u>1,161</u>	<u>1,882</u>
Net Current Assets	3,170	4,309	9,742	11,419
Non-Current Liabilities				
Bank loans	9,536	6,032	-	-
Finance lease liabilities	360	160	-	-
Deferred tax liabilities	1,259	963	-	-
	<u>11,155</u>	<u>7,155</u>	<u>-</u>	<u>-</u>
Net Assets	26,371	27,374	16,192	17,332
Equity attributable to owners of the Company				
Share capital	13,964	13,964	13,964	13,964
Retained earnings	11,156	12,139	2,228	3,368
Other reserves	1,251	1,271	-	-
Total Equity	26,371	27,374	16,192	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 31-12-2017		As at 31-03-2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,587	-	4,347	-

Amount repayable after one year

As at 31-12-2017		As at 31-03-2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,896	-	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 31 December 2017; and
- (ii) corporate guarantee by the Company as at 31 December 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	
	3Q2018	3Q2017	9M2018	9M2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	1,372	1,665	3,244	4,796
Adjustments for:				
Amortisation of intangible assets	16	13	47	43
Depreciation of property, plant and equipment	1,197	1,132	3,445	3,336
Gain on disposal of property, plant and equipment, net	(63)	(18)	(36)	(19)
Property, plant and equipment written off	235	48	341	68
Share of results of joint venture	19	-	72	-
Interest expense	74	38	212	128
Interest income on short term deposits	(10)	(15)	(39)	(69)
Currency realignment	(56)	70	(115)	213
Operating profit before changes in working capital	2,784	2,933	7,171	8,496
Decrease/(increase) in inventories	4	(38)	(327)	(101)
(Increase)/decrease in trade and other receivables	(65)	45	(80)	(96)
Increase in amount due from an associated company	(20)	(21)	(104)	(101)
Increase in deposits	(29)	(101)	(359)	(85)
Decrease/(increase) in prepayments	520	(51)	669	(670)
(Decrease)/increase in trade and other payables	(533)	1,128	186	1,381
(Decrease)/increase in other liabilities	(1)	2	6	9
Decrease in provisions	(80)	(69)	(170)	-
Cash flows from operations	2,580	3,828	6,992	8,833
Tax paid	(461)	(205)	(1,020)	(451)
Net cash flows from operating activities	2,119	3,623	5,972	8,382
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,898)	(3,780)	(6,732)	(6,686)
Purchase of intangible assets	-	(19)	-	(26)
Proceeds from disposal of property, plant and equipment	111	18	128	19
Capital injection into joint venture	-	-	(537)	-
Interest income received	10	15	39	69
Net cash flows used in investing activities	(1,777)	(3,766)	(7,102)	(6,624)
Cash flows from financing activities				
Proceeds from bank loan	-	-	1,575	-
Repayment of finance lease liabilities	(67)	(29)	(129)	(85)
Dividends paid	(1,820)	(1,821)	(3,641)	(7,283)
Interest paid	(74)	(38)	(212)	(128)
Repayment of bank loans	(358)	(236)	(871)	(708)
Net cash flows used in financing activities	(2,319)	(2,124)	(3,278)	(8,204)
Net decrease in cash and cash equivalents	(1,977)	(2,267)	(4,408)	(6,446)
Cash and cash equivalents at the beginning of the financial period	13,124	15,228	15,555	19,407
Cash and cash equivalents at the end of the financial period	11,147	12,961	11,147	12,961

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 \$'000
	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Foreign currency translation \$'000	Asset revaluation reserve \$'000	
The Group						
Balance at 1 April 2017	13,964	12,139	1,271	38	1,233	27,374
Profit for the period	-	1,419	-	-	-	1,419
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(14)	(14)	-	(14)
Total comprehensive income for the period	-	1,419	(14)	(14)	-	1,405
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
Balance at 30 September 2017	13,964	11,737	1,257	24	1,233	26,958
Profit for the period	-	1,239	-	-	-	1,239
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	(6)	(6)	-	(6)
Total comprehensive income for the period	-	1,239	(6)	(6)	-	1,233
Dividends on ordinary shares	-	(1,820)	-	-	-	(1,820)
Balance at 31 December 2017	13,964	11,156	1,251	18	1,233	26,371

	Equity attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Foreign currency translation \$'000	Asset revaluation reserve \$'000	
The Group						
Balance at 1 April 2016	13,964	17,677	2,974	23	2,951	34,615
Profit for the period	-	2,483	-	-	-	2,483
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	4	4	-	4
Total comprehensive income for the period	-	2,483	4	4	-	2,487
Dividends on ordinary shares	-	(5,462)	-	-	-	(5,462)
Balance at 30 September 2016	13,964	14,698	2,978	27	2,951	31,640
Profit for the period	-	1,366	-	-	-	1,366
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	6	6	-	6
Total comprehensive income for the period	-	1,366	6	6	-	1,372
Dividends on ordinary shares	-	(1,821)	-	-	-	(1,821)
Balance at 31 December 2016	13,964	14,243	2,984	33	2,951	31,191

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	-	120	120
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	120	120
Dividends on ordinary shares	-	(1,821)	(1,821)
Balance at 30 September 2017	13,964	1,667	15,631
Profit for the period	-	2,381	2,381
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,381	2,381
Dividends on ordinary shares	-	(1,820)	(1,820)
Balance at 31 December 2017	13,964	2,228	16,192

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
Loss 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)
Balance at 30 September 2016	13,964	1,036	15,000
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)
Balance at 31 December 2016	13,964	1,447	15,411

- 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 31 December 2017 and 30 September 2017	121,374,700	13,964

There were no treasury shares, subsidiary holdings, outstanding options and/or other convertibles as at 31 December 2017 and 31 December 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 31-12-2017	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	
	3Q2018	3Q2017	9M2018	9M2017
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	1.02	1.13	2.19	3.17
(b) On a fully diluted basis (Singapore cents)	1.02	1.13	2.19	3.17

Number of shares used in the respective computations of EPS :-	The Group		The Group	
	3Q2018	3Q2017	9M2018	9M2017
(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 2017 and 31 December 2016 are the same as there are no potentially dilutive shares in issue as at 31 December 2017 and 31 December 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	
	31-12-2017	31-03-2017	31-12-2017	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 October 2016 to 31 December 2016 ("**3Q2017**") to approximately S\$22.2 million for the period from 1 October 2017 to 31 December 2017 ("**3Q2018**"), an increase of approximately S\$2.0 million or 9.6%.

Revenue from retail outlets increased by approximately S\$1.9 million or 9.3% mainly due to revenue contribution from new outlets and increase in revenue from existing outlets, partially offset by the absence of revenue in 3Q2018 from closed outlets.

Revenue from other services, such as delivery and catering services, increased by approximately S\$0.1 million or 36.2%, mainly due to higher events and catering sales.

As at 31 December 2017, the Group operated a total of 92 outlets in Singapore as compared to 88 outlets as at 31 December 2016.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 28.1% of the Group's revenue in 3Q2018, as compared to approximately 32.7% in 3Q2017.

Cost of sales and gross profit

Cost of sales increased by approximately S\$1.5 million or 20.0% mainly due to the higher revenue generated by the Group and higher raw material cost for 3Q2018.

The Group's gross profit increased by approximately S\$485,000 or 3.7%. The Group's gross profit margin decreased from approximately 63.8% in 3Q2017 to 60.4% in 3Q2018, mainly due to higher raw material cost.

Other income

Other income increased by approximately S\$18,000 mainly due to an increase in gain on disposal of property, plant and equipment of approximately S\$45,000, offset by lower grants under government employment credit schemes of approximately \$15,000 in 3Q2018.

Operating Expenses

Selling and distribution expenses

Selling and distribution ("**S & D**") expenses increased by approximately S\$760,000 or 9.4%. S & D expenses in 3Q2018 amounted to approximately 39.9% of revenue as compared to approximately 40.0% of revenue in 3Q2017.

The slight decrease in S & D expenses as a percentage of revenue was largely attributable to a decrease in staff costs as percentage of revenue from 17.5% of revenue in 3Q2017 to 17.0% in 3Q2018, offset by higher outlet rental expenses.

Administrative expenses

Administrative expenses decreased by approximately S\$83,000 or 2.8%. The decrease in administrative expenses was mainly due to a decrease in travelling and professional expenses of approximately S\$93,000 in 3Q2018.

Other expenses

The increase in other expenses of approximately S\$59,000 in 3Q2018 was mainly due to an increase in assets written off of approximately S\$186,000, mainly due to outlet closures, offset by foreign exchange gains of approximately S\$140,000 primarily on Malaysian Ringgit denominated loans to a subsidiary company.

As a result of the above, total operating expenses increased by approximately S\$736,000 or 6.4%. Total operating expenses amounted to approximately 54.7% of revenue in 3Q2018 and 56.3% in 3Q2017 respectively.

Finance costs

Finance costs increased by approximately S\$36,000 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 amount was due to start-up costs of approximately S\$19,000 in 3Q2018 for a new joint venture in the United Kingdom.

Profit before tax

The Group's profit before tax decreased from approximately S\$1.7 million in 3Q2017 to approximately S\$1.4 million in 3Q2018, a decrease of approximately S\$293,000 or 17.6% due to the reasons stated above.

Taxation

The Group's taxation expenses decreased by approximately S\$166,000 or 55.5%. The decrease was mainly due to the lower profit before tax in 3Q2018 as compared to 3Q2017 and tax write-back of approximately S\$103,000 in 3Q2018 for the prior periods' tax expense.

Balance Sheet

Non-current assets

The Group's non-current assets increased by approximately S\$4.1 million or 13.7% 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 9M2018;
- (b) an investment in a United Kingdom joint venture of approximately S\$537,000, partially offset by start-up costs of approximately S\$72,000 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\$4.5 million or 21.9% mainly due to a decrease of S\$4.4 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\$3.6 million paid during 9M2018, 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;
- (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;
- (c) an increase in trade and other receivables mainly arising from credit sales of retail vouchers; and
- (d) an increase in amount due from the Group's Malaysian associated company.

Current liabilities

The Group's current liabilities decreased by approximately S\$3.3 million or 20.7% 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\$1.0 million 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 and an increase in finance lease mainly due to finance lease taken for the purchase of new motor vehicles.

Non-current liabilities

The Group's non-current liabilities increased by approximately S\$4.0 million or 55.9% 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\$296,000 for the current period.

Net working capital

As at 31 December 2017, the Group had a positive net working capital of approximately S\$3.2 million as compared to approximately S\$4.3 million as at 31 March 2017.

Cash flow

In 3Q2018, the Group generated an operating profit before working capital changes of approximately S\$2.8 million. Net cash generated from operating activities, inclusive of working capital changes, amounted to approximately S\$2.1 million in 3Q2018.

In 3Q2018, net cash used in investing activities amounted to approximately S\$1.8 million. This was mainly attributable to additions of plant and equipment and renovation costs for the Group's new retail outlets and factory facility in Singapore.

Net cash used in financing activities amounted to approximately S\$2.3 million in 3Q2018. This was mainly due to dividends of approximately S\$1.8 million paid during 3Q2018, 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 central London, United Kingdom is on track 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 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, the Group will be focusing its efforts on improving its gross margins and revenues. These efforts include continuing investment in brand positioning such as the Group's sponsorship of the movie 'Ah Boys to Men 4', 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) **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/recommended 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 **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 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

14 February 2018

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).