

OLD CHANG KEE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 200416190W)

**RESPONSES TO QUESTIONS IN CONNECTION WITH THE ANNUAL GENERAL MEETING TO BE HELD ON
27 JULY 2023**

The Board of Directors (the “**Board**”) of Old Chang Kee Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to thank all shareholders of the Company (“**Shareholders**”) who submitted their questions in advance of the Company’s annual general meeting which will be convened and held on Thursday, 27 July 2023 at 2.00 p.m. at OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1.

We trust that Shareholders will understand that because of the overlapping questions received, we will not be responding to each and every question individually.

The substantial and relevant questions received from Shareholders and the corresponding responses from the Company are as set out below:

Would the board/management provide shareholders with greater clarity on the following operational and financial matters?

- 1. Exchange losses: What is the nature of exchange losses incurred and does the Company have a hedging strategy to address currency exposures?**

Answer:

The exchange losses incurred primarily relate to foreign exchange revaluation of inter-company loans to the Group’s Australian and Malaysian subsidiaries to support the Group’s operations in Australia and Malaysia for the current year. As at 31 March 2023, the exchange losses incurred do not have any actual cash flow impact, as inter-company loans are eliminated and offset against one another during the consolidation of the Group’s financial results. Currently, the Company does not employ a hedging strategy as external foreign currency exposures remain low, and the bulk of the Company’s expenses are denominated in Singapore dollars.

- 2. Segment revenue: Why is there a decline in Malaysia operational sales and no revenue recognised from the Group’s United Kingdom’s operations? Why is the Group’s Thailand joint venture dormant?**

Answer:

The decline in the Group’s operational sales in Malaysia arose mainly due to lower demand in the business-to-business segment and closure of our associate’s retail outlets located in Kuala Lumpur.

No revenue is recognised from the Group’s United Kingdom’s operations, as the Group applies the equity method in recognising its share of profit or loss from the joint venture, in accordance with Singapore Financial Reporting Standard (International) 1-28 *Investments in Associates and Joint Ventures*.

The Group has not commenced its Thailand operations and will reveal its overseas expansion plans at the appropriate time.

- 3. Non-audit fees: What are the non-audit fees incurred for, and why have they increased? Has the Audit Committee reviewed whether the increase in non-audit fees will impact the independence of the auditor? How long has the present auditor been with the Company and is the Audit Committee looking to rotate the auditor?**

Answer:

The non-audit fees primarily relate to tax returns compliance services performed by the Company's auditor. The increase in the non-audit fees had arisen due to tax queries from the Inland Revenue Authority of Singapore during the financial year ended 31 March 2023 ("FY2023").

The Audit Committee has reviewed the increase in non-audit fees and is satisfied that the auditor's independence will not be compromised, as non-audit fees only comprise 34% of the total audit fees, and the tax returns compliance services performed by the auditor are permitted under the *Accountants (Prescribed Standards and Code of Professional Conduct and Ethics) Order 2023* of the *Accountants Act 2004*.

The present auditor has been with the Company since 2004. At least annually, the Audit Committee reviews the issue of audit rotation and considers the costs and benefits of the exercise. The Audit Committee has reviewed and assessed that rotation of the auditor is not necessary for FY2023 and the financial year ending 31 March 2024, as the audit partner was just rotated and appointed for the purposes of the audit of the Company's financial statements commencing FY2023. The Audit Committee further notes that such regular rotation of the audit partner is part of the auditor's internal review process to provide fresh perspectives.

- 4. Club membership: What is the club membership used for?**

Answer:

The club membership is primarily used to host local and overseas business associates, especially for confidential business discussions that require more privacy.

- 5. Foreign staff deposits: What is the nature of these deposits and how many foreign staff do we have?**

Answer:

The foreign staff deposits primarily relate to potential withholding tax obligations for the income taxes of the Group's foreign staff. As at 31 March 2023, we had a workforce of 645 employees, of which approximately 50% are foreign staff.

- 6. Provision for unconsumed leave: What is the Company's unconsumed leave policy and will this balance decrease with the end of the Covid-19 pandemic?**

Answer:

All employees are allowed to bring forward their annual leave balance from the immediately preceding year and any remaining leave balance from previous years (other than the immediately preceding year) is forfeited. Encashment of leave balance is strictly not allowed, except for resigning staff with the approval of their department head. All staff are encouraged to plan their annual leave for the year in advance, to avoid forfeiture of their leave balance.

7. Plans to mitigate key business challenges: What are the Company's plans to mitigate key business challenge such as high staff and raw material costs, and has the Company explored other options such as alternative ways of selling curry puffs and the use of robotics?

Answer:

The Group has focused and will continue to focus on operational improvements including increasing sales at our outlets through branding activities and innovation to produce new products. Other plans include more investments in information technology, machinery and equipment for use during the manufacturing process at the Group's factory and at the Group's retail outlets, including the use of self-ordering menus where appropriate.

The Group is also constantly diversifying the sources of its food supplies to reduce raw material costs and make bulk purchases. To further diversify our revenue streams, we are also building up our non-retail capacity and our business-to-business customers include government agencies, clubs, airlines and hotels.

By Order of the Board

For and on behalf of the Company

Name: Lim Tao-E William

Designation: Chief Executive Officer

21 July 2023

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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