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 29 JULY 2024

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 Monday, 29 July 2024 at 2.00 p.m. ("**AGM**") at OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1.

The Company will not be responding to each and every question individually, due to similarities in the questions raised by different Shareholders. The Board thanks Shareholders for their understanding on this.

The substantial and relevant questions received from Shareholders in relation to the agenda of the AGM 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. **Revenue from overseas operations: What is the status of overseas joint ventures such as the United Kingdom and Thailand? Has the Group considered collaborating with its substantial shareholders in expanding its overseas operations?**

   Answer:
   Currently, the Group has 2 outlets in the United Kingdom ("**UK**"), and the operations at these 2 outlets are conducted through a joint venture. No revenue is recognised from the Group's operations in the UK, 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 operations in Thailand and will reveal its overseas expansion plans for Thailand at the appropriate time.

   At present, the Group has no collaboration plans with its substantial shareholders on overseas expansion.

2. **If the Group's Thailand joint venture is dormant, why is there a trade payable in Thai Baht?**

   Answer:
   The Group has trade payables which are denominated in Thai Baht due to purchases of raw materials from the Group's Thai suppliers.

3. **Can the Group elaborate on its increase in legal cost?**

   Answer:
   The increase in legal costs incurred by the Group arose primarily due to additional legal work required for lease renewals, franchise renewals and trademark protection.

4. **Malaysia manufacturing facilities: Does the facility serve both Singapore and Malaysia operations and is the increase in distribution expenses due to it?**

   Answer:
   Yes, the manufacturing facilities in Malaysia act as a central kitchen producing baked goods (such as pastry products) for the Group's Singapore and Malaysia operations. The increase in the Group's selling and distribution expenses arose primarily due to the increase in outlet and logistics costs (and not due to the manufacturing facilities in Malaysia).

5. **What does non-outlet sales, insurance compensation and sundry income relate to?**

   Answer:
   Non-outlet sales relate primarily to catering and delivery sales.

   Insurance compensation relates primarily to recovery of medical fees from insurance providers for medical expenses incurred by the Group's staff.

   Sundry income refers primarily to income from sale of scrap materials such as cardboard, as well as other income received from the Group's retail customers.

6. **Why has staff costs increased by close to 20% from the previous year, and will the cessation of the government's manpower grants result in higher manpower cost?**

   Answer:
   The increase in staff costs of the Group arose due to (i) higher starting pay and annual remuneration exercises arising from regulatory needs including the implementation of the progressive wage model and market salary adjustments in view of the tight labour market, and (ii) higher bonuses arising from the higher profits before tax for the financial year ended 31 March 2024 ("**FY2024**").

   The government's manpower related grants are set out at Page 110 of the Company's annual report for FY2024 ("**Annual Report**") under item 5 (which is titled "Other income") and amounted to approximately S$1,192,000 for FY2024.

   As the employee benefits expenses set out at Page 113 of the Annual Report are on a gross basis and not net-off against government grants, the cessation of the government's manpower related grants will not result in higher manpower costs. Nonetheless, the Group expects to receive lower grant income in future years, as the manpower related grant schemes gradually taper off.

7. **Plans to mitigate key business challenges: What are the Company's plans to mitigate key business challenge such as high staff cost, and can the Company continue to increase the prices of its products in future years? Has the Company applied any artificial intelligence ("AI") technology in its operations?**

   Answer:
   Apart from making price adjustments, the Group intends to navigate business challenges that arise through the following means:

   (a) the Group has focused and will continue to focus on operational improvements including increasing sales volume at its 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 its retail outlets, including the use of self-ordering menus where appropriate; and

   (b) the Group is also constantly diversifying the sources of its food supplies to reduce raw material costs and make bulk purchases. To further diversify its revenue streams, the

Group is building up its non-retail capacity. The Group’s business-to-business customers include government agencies, clubs, airlines and hotels.

Although generative AI is still in its infancy, the Group has already adopted the use of generative AI to prepare its branding and promotional materials.

8. What are the Company’s plans for its future dividend payouts and are there any expected capital expenditure or major venture in the pipeline?

Answer:
As mentioned at Page 5 of the Annual Report, the Board wishes to explore possibilities for business combination and expansion of the Group’s facilities, and has taken a prudent approach in maintaining its ordinary (final) dividend for FY2024.

With respect to future dividend payouts, the Company is unable to make any firm commitment to Shareholders on the amount of any future dividends. Pursuant to Section 403(1) of the Companies Act 1967, the Company is only permitted to pay dividends to Shareholders out of its profits. Consequently, the amount of any future dividend payouts would depend on the Company’s performance, and the amount of profits available for distribution.

Should there be any major expenditure or concrete developments on corporate finance matters, the Company will update all Shareholders via SGXNet immediately.

By Order of the Board

For and on behalf of the Company
Name: Lim Tao-E William
Designation: Chief Executive Officer

23 July 2024