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UEN No: S99SS0111B  
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**Issuer:** Old Chang Kee Ltd.

**Stock code:** 5ML

**Meeting details:**

Date: 29 Jul 2024

Time: 2.00 p.m.

Venue: OnePeople.sg, 381 Toa Payoh Lorong 1, Singapore 319758, Harmony Room 1

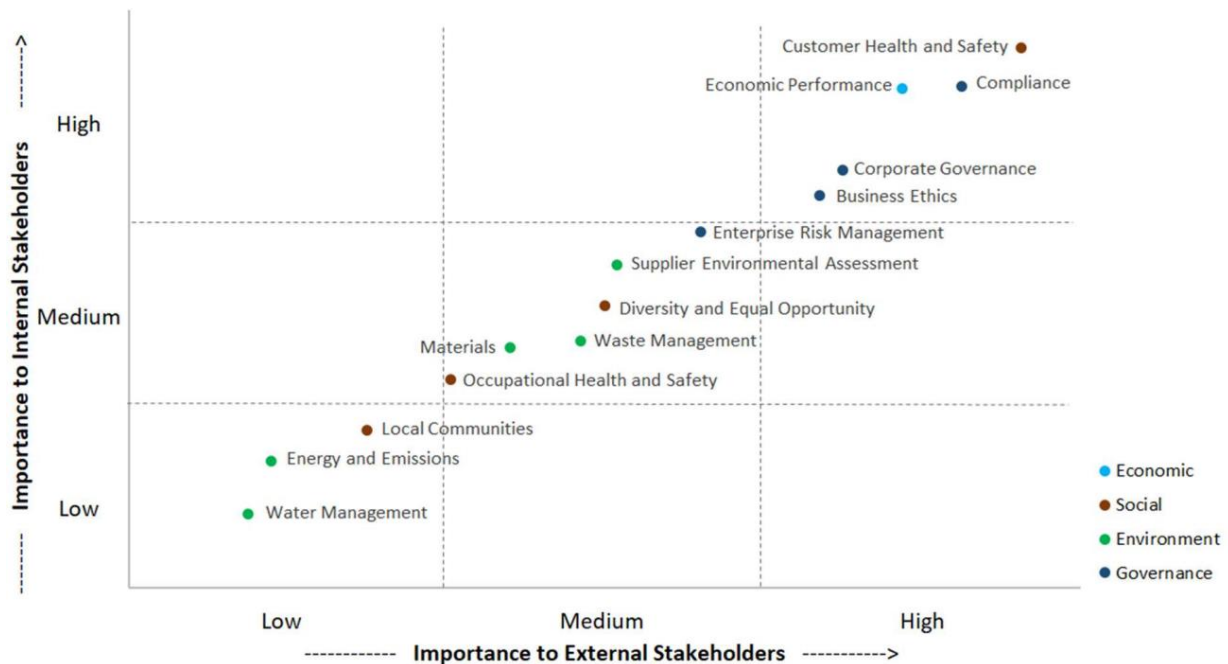
**Q1.** Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Profitability:** Gross profit margin increased by 2.7% to 67.6% in FY2024, an improvement attributed by management to improved cost management, product pricing management, and increased utilities efficiency. **Could management provide specific data or metrics that quantify the impact of each of these factors on the margin improvement?**
- (ii) **Elasticity of demand:** Has management adjusted the prices of its products at retail outlets to reflect increases in input costs? How price-sensitive are customers? Can management provide insights into how it balances maintaining profit margins with providing good value to customers during this period of high inflation?
- (iii) **Branding:** How successful has the group been in creating new brands and new concepts that could be further nurtured into major contributors of revenue and profit? The group's portfolio includes brands such as Dip'n'Go, Curry Times, Old Chang Kee Coffee House, and the catering arm.
- (iv) **Catering:** Can management elaborate on the strategic synergies between the catering business and the retail business? What specific strategies and channels does the group use to acquire catering customers?
- (v) **Automation:** What specific innovations and automation technologies has management implemented to enhance operational efficiency and reduce manpower reliance?
- (vi) **Business expansion:** While cash and bank balances have increased to \$44.1 million, the board maintained a relatively modest dividend as it explores possibilities for synergistic business combinations and expansion of the group's logistics and manufacturing facilities. **What specific criteria does the board consider essential for a successful acquisition, such as geographic focus, value chain positioning (upstream/downstream), and strategic fit with existing operations? In addition, what were the utilisation rates at the current facilities of the group, and to what extent can these facilities support further growth?**

**Q2.** The company’s sustainability report was published on 12 July 2024 and can be assessed at this URL:

<https://links.sgx.com/FileOpen/Sustainability%20Rpt-FY2024-Final.ashx?App=Announcement&FileID=809491>

The 14 material topics are shown in the matrix below:



The environmental related material topics are Energy and Emissions, Water Management, Waste Management, Materials and Supplier Environmental Assessment.

- (i) **Could the sustainability steering committee provide detailed insights into the process used to establish the importance of the material topics and confirm if the board has endorsed the findings?** For instance, it appears that economic performance will be prioritised over business ethics.
- (ii) In addition, it is observed that energy and emissions, water management and local communities appear to be lower priorities for the group. **Does the board support this perspective?**

(iii) Since mid-2023, supermarkets in Singapore have been charging for disposable carrier bags as part of the effort towards a Zero Waste Nation. The Ministry of Sustainability and the Environment (MSE) and the National Environment Agency (NEA) are encouraging sustainable habits and lifestyles, including reducing the use of disposable carrier bags. The group’s consumption of both plastic and paper packaging (and cooking oil) is shown in the table below.

Materials used by weight		FY2024
Non-renewable materials	Cooking oil <sup>1</sup> (kg)	832,545.0
	Plastic packaging (kg)	125,656.2
Renewable materials	Paper packaging (kg)	104,605.4

<sup>1</sup> Cooking oil consumption does not include our Australian outlet as its impact on our overall consumption is minimal. We are working towards collecting and including this data in future Reports.

**How is the group addressing its use of plastic and paper packaging? What specific initiatives or strategies has management explored or implemented to reduce plastic packaging and align with national efforts towards sustainability?**

**What are some of the innovations in the areas of food packaging?**

**Q3.** In the corporate governance report, the company states that the board of directors is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

The board currently comprises three executive directors and three independent directors. The board is aware that it has not met the requirements of Provisions 2.2 and 2.3 of the Code of Corporate Governance 2018<sup>1</sup>. The board's explanation of its deviations can be found on page 29 of the annual report.

In the company's announcement dated 12 July 2024, as well as in the corporate governance report, the company announced that a long-tenured director, Ms Audrey Yap Su Ming, if re-elected, will be redesignated as a non-executive non-independent director. Consequently, the board will then comprise three executive directors, one non-executive non-independent, and two independent directors.

It does not appear that the board will be making further changes to the board composition to progressively renew the board, even as a director is no longer eligible to be designated as an independent director based on the new SGX rules that impose a strict 9-year limit on independent directors' tenure.

Mr Tan Boon Gin, CEO of SGX RegCo, had noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

- (i) **Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**
- (ii) **In light of the redesignation of a long-tenured independent director and the lack of board reconstitution, does the NC believe the board is falling behind evolving corporate governance standards? How does the NC plan to address this to align with SGX's intention of injecting new skills and perspectives into boards?**
- (iii) **Has the NC/board explored electing an independent chairman?**
- (iv) **Separately, can the NC provide a detailed overview of the board evaluation process, including the criteria and methodologies used? What were the key findings and areas for improvement identified in the most recent board evaluation?**

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<sup>1</sup> Provision 2.2 of the Code of Corporate Governance 2018 provides that where the chairman is not an independent director, the independent directors should make up a majority of the board and Provision 2.3 states that non-executive directors should make up a majority of the board.



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