CHOO CHIANG

ANNUAL REPORT **2020**

HERE
IN EVERY WAY

ABOUT US

Choo Chiang Holdings Ltd. ("**Choo Chiang**" or the "**Company**" and together with its subsidiaries, the "**Group**") is one of the leading retailers and distributors of electrical products and accessories in Singapore with a retail presence of more than 20 years. We offer an extensive range of electrical products and accessories for residential and industrial use at our 10 strategically located retail branches in Singapore. Our retail outlets are supported by a team of service-oriented sales employees and a fleet of delivery vehicles. In addition to this Distribution Business, we also hold 12 investment properties which are rented out for rental income.

The Group was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 July 2015 (stock code 42E).

CONTENTS

BUSINESS OVERVIEW

A leading retailer and distributor of electrical products and accessories in Singapore

DISTRIBUTION BUSINESS

20 YEARS

An established name backed by a track record of over 20 years in the retail market.

10 RETAIL BRANCHES

Operates a wide network of 10 retail branches strategically located across Singapore.

30 3RD PARTY BRANDS

Offers a product range from over 30 third-party and our proprietary brands.

18 DELIVERY VEHICLES

Supported by an experienced sales team and a fleet of about 18 delivery vehicles.

DISTRIBUTION BUSINESS

DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS

and more...

PROPERTY INVESTMENTS

4 PROPERTIES

Holds an additional 4 properties which are used as retail branches / warehouse for our operations.

12 INVESTMENT PROPERTIES

Owns 12 investment properties which are rented out for rental income.

PRODUCTS

Choo Chiang provides efficient one-stop shop service to our customers by offering an extensive range of electrical products and accessories from established brands.

8 MAIN PRODUCT CATEGORIES FROM OVER 30 KEY BRANDS

Electrical Cables & Cable Accessories

Electrical Wiring Accessories

Electrical Circuit Protection

Earthing & Lightning Protection

Cable Support System

Power Drills & Handheld Tools

Ventilating, Wall-mounted & Ceiling Fans

Luminaires, Lamps and Accessories

CHAIRMAN'S STATEMENT

"FY2020 was a year of change for us, where we further consolidated our fundamentals through a fruitful rebranding exercise that put people at the core of our business. As a testament to our strength, we were also awarded the certificate of Business Excellence (BE) and ranked No. 97 in the Brand Finance Singapore 100 category during the year."

Dear Shareholders,

I am pleased to present to you our Annual Report for 2020. The financial year ended 31 December 2020 ("FY2020") has been a very challenging period, which was marked by the COVID-19 pandemic that ravaged every economy in the world. Restrictive measures, which included border control and safe distancing management, were implemented by the government to control the pandemic outbreak. A circuit breaker period, which extended from April 2020 to June 2020, was also imposed to curb the rapid spread of the pandemic. We were fortunate to be able to continue with our operations during this period, but some of our customers such as those in the construction industry were made to suspend operations for more than 2 months.

The Group's operations were affected by the great uncertainties surrounding the local business environment. Nevertheless, we managed to adapt effectively to the new norms with help from support by the government.

In view of the pandemic, the Group reported a decrease of 17.4% in our revenue in FY2020 with profit before income tax contracting 40.7% to S$3,640,000.

Performance Review

The Group's revenue is derived from two main business segments:

- Distribution Business segment which oversees the sales and retail of electrical products and accessories in Singapore
- Property Investment segment which derives rental income from its investment properties in Singapore

In FY2020, total revenue fell S$11,130,000 from S$63,841,000 in FY2019 to S$52,711,000 during the year in review as a result of a dip in revenue contribution from the Distribution Business segment. In line with the revenue drop, cost of sales dipped by 17.1% to S$37,261,000 in FY2020. Consequently, gross profit also reduced by 18.3% to S$15,450,000 in FY2020, while gross profit margin decreased from 29.6% in FY2019 to 29.3% in FY2020.

Meanwhile, other operating income rose from S$374,000 in FY2019 to S$1,479,000 in FY2020 mainly due to the Jobs Support Scheme ("JSS"), foreign worker levy rebates, property tax rebates and dividend income from financial assets at fair value through profit or loss. These were partially offset by the rise in interest income and annual sponsorships for company events.

In view of the above mentioned, the Group registered profit before income tax dipped by S$2,499,000 to S$3,640,000 in FY2020, translating a contraction of 40.7%.

Nevertheless, as a testament to our sound corporate fundamentals, Choo Chiang has been ranked No. 97 in the Brand Finance Singapore 100[1] category in FY2020. The award was conferred by Brand Finance, an established independent brand valuation and business strategy consultancy. We were ranked No. 100 in the previous year.

Concurrently, we have also been awarded the certificate of Business Excellence (BE) from Enterprise Singapore during the year as attestation to the strength of our capabilities and outstanding business performance.

97 Singapore 100 2020

1 Singapore top 100 brands ranking in year 2020 by Brand Finance at https://brandirectory.com/rankings/singapore/table

On behalf of the Board of Directors, I am also pleased to announce a final dividend of 0.7 Singapore cents per share, which is subjected to the approval of shareholders at the Group's forthcoming annual general meeting ("AGM") to be held in April 2021. Taking into account the interim dividend of 0.2 Singapore cents per share paid on 7 September 2020, the total dividend declared by the Group for FY2020 is 0.9 Singapore cents per share.

Distribution Business

In FY2020, our Distribution Business segment's revenue contribution dipped by 17.5% to S$52,248,000 mainly due to the impact of the pandemic on the construction sector and the circuit breaker measures imposed by the government. With most construction works being suspended for beyond 2 months, customer demand was adversely affected, leading to a fall in revenue.

In line with the revenue reduction, cost of sales of the Distribution Business segment decreased by 17.1% to S$36,859,000 in FY2020. Meanwhile, gross profit margin recorded a marginal drop of 0.3% from about 29.8% in FY2019 to 29.5% in FY2020.

Property Investment Business

The Group's investment properties comprise industrial and commercial developments in Singapore. Rental income from the Property Investment segment fell 4.3% to S$463,000 in FY2020 mainly due to one (1) unit of our investment property being left vacant for a few months but was eventually leased out during the year.

Consequently, cost of sales decreased by 10.7% from S$450,000 in FY2019 to S$402,000 during the year in review. This was mainly attributed to the full repayment of bank loans for two (2) investment properties in September 2019, resulting in lower bank loans interest. In the absence of bank loans interest in FY2020 following the full repayment of bank loans for two (2) investment properties in FY2019, gross profit margin of the segment rose to 13.2% during the year from 7.0% in the previous year.

Brand Revamp

During the year, we underwent a rebranding exercise to enhance our brand visibility in the industry. The revamp enables us to better align ourselves to our new focus strategy which puts people at the core of our business. We have changed our corporate logo to reflect our change of emphasis, making our staff and customers our business priority. We are dedicated to putting our people and their needs first in everything we do. We believe that with this campaign, our new mission will empower us with a better way of working for builders and contractors, through our products, services and technologies.

Our mission reinforces our commitment towards our customers and business associates who form the focal pillar of our business.

Meanwhile, our values further validate the way our business is operated. Choo Chiang is a people-centric company, which values its people and strives to uphold the highest level of integrity in the journey towards achieving its goals.

Future Outlook

The COVID-19 pandemic has adversely impacted the global economy along with Singapore's growth. As other major countries begin to launch their respective inoculation schemes and the local rollout of the vaccination programme gets underway, there is increasing optimism about the impending recovery of the industry.

Despite customer demand and sales moving towards normalisation in the second half of FY2020, we are moderating our expectations as we anticipate the operating environment in the electrical material sector to remain challenging in 2021. We will closely monitor the development and impact of the evolving COVID-19 situation, while continuing to provide good service to our customers.

Subject to, *inter alia*, market conditions, availability of good location and other relevant business considerations, it is the Group's current intention to continue to expand its retail network in Singapore as we work to extend our services in providing direct electrical and lighting solutions for developments and projects within Singapore.

Going forward, we will continue to explore business opportunities to enhance our revenue and profit.

Acknowledgements

On behalf of the Board, I would like to thank all the staff and management of Choo Chiang for remaining steadfast in the midst of a challenging business environment. I am grateful for everyone's dedication and commitment in helping the Group to overcome obstacles faced along the year. It has been a difficult time, but the Group is most fortunate to have a group of capable employees, alongside loyal customers, trusting stakeholders and supportive suppliers, without whom we would not be able to come this far today.

We continue to place great value on our people as we believe that people are the greatest assets of a business, while we value shareholders as our esteemed partners. With this, we will continue to forge ahead in this storm and poise ourselves for the impending recovery.

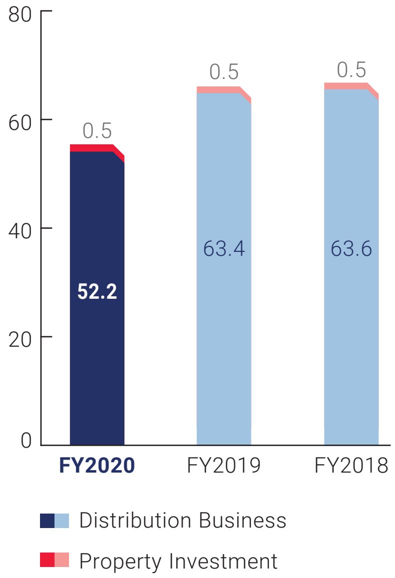
Yours sincerely,

Thomas Lim
Executive Chairman and CEO

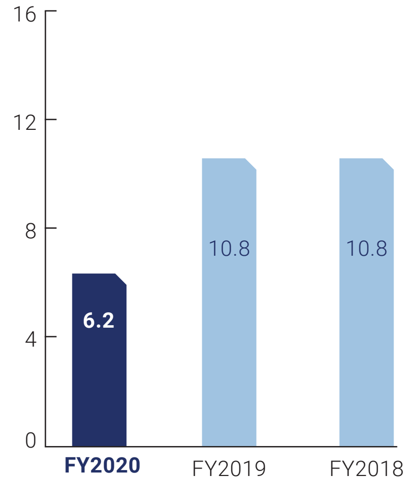
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER

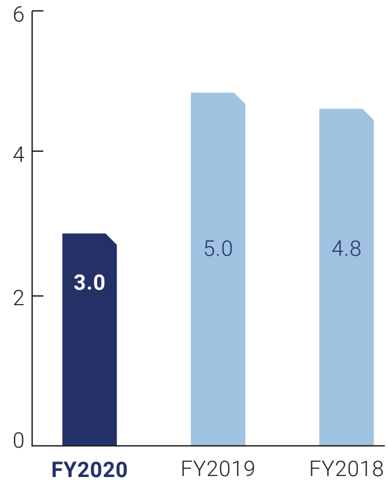
Revenue (S$'m)



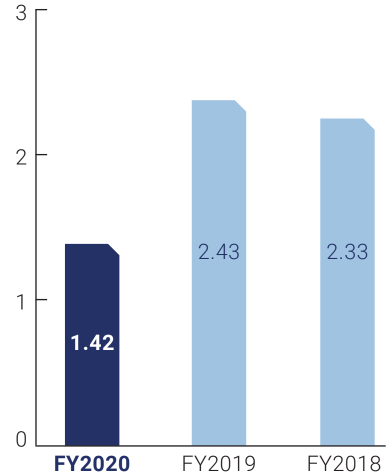
Return on Equity[1] (%)



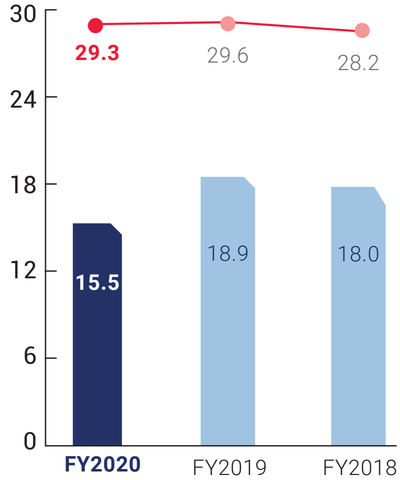
Net Profit (S$'m)



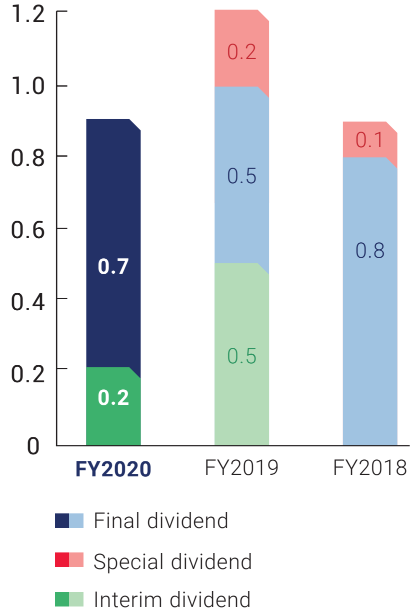
Earnings Per Share (Cents)



Gross Profit (S$'m) & Gross Profit Margin (%)



Dividend Per Ordinary Share (Cents)



[1] Return on Equity equals profit after tax and minority interest divided by equity attributable to the owners of the Company as at end of the financial year.

OPERATING & FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Income Statement	The Group Year ended 31 December 2020 S$'000	2019 S$'000	Increase (Decrease) %
Revenue	**52,711**	**63,841**	**(17.4)**
Cost of sales	(37,261)	(44,929)	(17.1)
Gross profit	**15,450**	**18,912**	**(18.3)**
Other operating income	1,479	374	295.5
Administrative and selling expenses	(10,647)	(11,476)	(7.2)
Other operating expenses	(2,525)	(1,558)	62.1
Finance costs	(117)	(113)	3.5
Profit before income tax	**3,640**	**6,139**	**(40.7)**
Income tax expense	(684)	(1,104)	(38.0)
Profit for the year, representing total comprehensive income for the year	**2,956**	**5,035**	**(41.3)**
Total comprehensive income attributable to:			
Owners of the Company	2,956	5,048	(41.4)
Non-controlling interests	–	(13)	N.M.
	2,956	5,035	(41.3)

N.M. : Not meaningful

REVIEW OF FINANCIAL PERFORMANCE

Revenue

The Group's revenue is derived from sales and retail of electrical products and accessories in Singapore ("**Distribution Business**") and rental income from its investment properties in Singapore ("**Property Investment**").

Total revenue decreased by S$11,130,000 or 17.4%, from S$63,841,000 in FY2019 to S$52,711,000 in FY2020, mainly due to a decrease in the revenue from the Distribution Business segment.

Distribution Business

Revenue from Distribution Business segment decreased by S$11,109,000 or 17.5%, from S$63,357,000 in FY2019 to S$52,248,000 in FY2020. Due to the impact of COVID-19 on the construction sector and the implementation of the Circuit Breaker measures by the Singapore Government, most of the construction works were suspended for more than 2 months. As a result, it has impacted the customer demand and the decrease in revenue.

Property Investment

Rental income from the Property Investment segment decreased by S$21,000 or 4.3%, from S$484,000 in FY2019 to S$463,000 in FY2020 mainly due to one (1) unit of investment property was vacant for a couple of months. However, the said property was leased out in FY2020.

Cost of sales

Cost of sales decreased by S$7,668,000 or 17.1%, from S$44,929,000 in FY2019 to S$37,261,000 in FY2020, which is in line with the decrease in revenue.

Distribution Business

Cost of sales of the Distribution Business segment decreased by S$7,620,000 or 17.1%, from S$44,479,000 in FY2019 to S$36,859,000 in FY2020, generally in line with the decrease in revenue for this segment.

Property Investment

Cost of sales of the Property Investment segment decreased by S$48,000 or 10.7%, from S$450,000 in FY2019 to S$402,000 in FY2020. The decrease is mainly due to the full repayment of bank loans for two (2) investment properties in September 2019 which led to the decrease in bank loans interest.

OPERATING & FINANCIAL REVIEW

Gross profit and gross profit margin

Gross profit decreased by S$3,462,000 or 18.3% from S$18,912,000 in FY2019 to S$15,450,000 in FY2020. Gross profit margin decreased from 29.6% in FY2019 to 29.3% in FY2020.

The gross profit margin of the Distribution Business segment decreased marginally by 0.3% from approximately 29.8% in FY2019 to 29.5% in FY2020.

The gross profit margin of the Property Investment segment increased from 7.0% in FY2019 to 13.2% in FY2020. This was mainly due to no bank loans interest in FY2020 following the full repayment of bank loans for two (2) investment properties in FY2019.

Other operating income

Other operating income increased by S$1,105,000 or 295.5%, from S$374,000 in FY2019 to S$1,479,000 in FY2020. The increase in other operating income was mainly due to increase in (i) government grant due to JSS, foreign worker levy rebates and property tax rebates; and (ii) dividend income from financial assets at fair value through profit or loss. These increases were partially offset by the decrease in (i) interest income; and (ii) annual sponsorships for company events.

Administrative and selling expenses

Administrative and selling expenses decreased by S$829,000 or 7.2%, from S$11,476,000 in FY2019 to S$10,647,000 in FY2020. The decrease in administrative and selling expenses was mainly due to a decrease in (i) staff cost and staff welfare; (ii) rental expenses as one short-term lease was subsequently recognised as right-of-use assets and lease liabilities upon renewal of lease in March 2020; (iii) marketing expenses; (iv) donations and gifts; and (v) transport and travelling expenses. These decreases were offset by an increase in (i) product testing fee; (ii) rental relief to tenants; (iii) commission paid to property agents; and (iv) COVID-19 related expenses incurred such as the purchase of face masks, thermometers and hand sanitisers for employees.

Other operating expenses

Other operating expenses increased by S$967,000 or 62.1%, from S$1,558,000 in FY2019 to S$2,525,000 in FY2020, mainly due to (i) impairment loss on property, plant and equipment; (ii) impairment loss on investment properties; (iii) depreciation of right-of-use assets; and (iv) foreign exchange losses. The impairment loss was mainly resulted from decrease in general demand in the property market due to COVID-19 pandemic. The increase was offset by the decrease in allowance for trade receivables.

Finance costs

Finance costs increased marginally from S$113,000 in FY2019 to S$117,000 in FY2020.

Profit before income tax

As a result of the reasons mentioned above, the Group's profit before income tax decreased by S$2,499,000 or 40.7% from S$6,139,000 in FY2019 to S$3,640,000 in FY2020.

FINANCIAL POSITION

Statement of Financial Position	The Group as at 31 December		Increase (Decrease) %
	2020 S$'000	2019 S$'000	
ASSETS			
Current assets			
Cash and cash equivalents	13,526	15,389	(12.1)
Trade receivables	4,754	5,564	(14.6)
Other receivables and prepayments	555	416	33.4
Financial assets at fair value through profit or loss	2,118	–	N.M.
Inventories	17,068	14,367	18.8
Total current assets	**38,021**	35,736	6.4
Non-current assets			
Property, plant and equipment	7,650	8,661	(11.7)
Right-of-use assets	2,765	2,592	6.7
Investment properties	13,196	14,003	(5.8)
Club membership	186	205	(9.3)
Other receivables and prepayments	–	31	N.M.
Total non-current assets	**23,797**	25,492	(6.6)
Total assets	**61,818**	61,228	1.0
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	8,003	8,061	(0.7)
Other payables and accruals	1,691	2,129	(20.6)
Contract liabilities	–	82	N.M.
Lease liabilities	509	383	32.9
Income tax payable	896	1,162	(22.9)
Total current liabilities	**11,099**	11,817	(6.1)
Non-current liabilities			
Lease liabilities	2,829	2,735	3.4
Deferred tax liability	184	26	607.7
Total non-current liabilities	**3,013**	2,761	9.1
Total liabilities	**14,112**	14,578	(3.2)
Total equity	**47,706**	46,650	2.3
Total liabilities and equity	**61,818**	61,228	1.0

N.M. : Not meaningful

OPERATING & FINANCIAL REVIEW

Current assets

Current assets increased by S$2,285,000 from S$35,736,000 as at 31 December 2019 to S$38,021,000 as at 31 December 2020. The increase in current assets were mainly due to an increase in inventories of S$2,701,000, investment in financial assets at fair value through profit or loss of S$2,118,000, and other receivables and prepayments of S$139,000. These increases were partially offset by a decrease in cash and bank balances of S$1,863,000 and trade receivables of S$810,000.

Non-current assets

Non-current assets decreased by S$1,695,000 from S$25,492,000 as at 31 December 2019 to S$23,797,000 as at 31 December 2020. The decrease in non-current assets were mainly due to the decrease of property, plant and equipment of S$1,011,000, investment properties of S$807,000, other receivables and prepayments of S$31,000 and club membership of S$19,000. These decreases were partially offset by an increase in right-of-use assets of S$173,000.

Current liabilities

Current liabilities decreased by S$718,000 from S$11,817,000 as at 31 December 2019 to S$11,099,000 as at 31 December 2020. The decrease in current liabilities were mainly due to a decrease in other payables and accruals of S$438,000, contract liabilities of S$82,000, provision for taxation of S$266,000, and trade payables of S$58,000. These decreases were offset by an increase in current portion of lease liabilities of S$126,000 respectively.

Non-current liabilities

Non-current liabilities increased by S$252,000 from S$2,761,000 as at 31 December 2019 to S$3,013,000 as at 31 December 2020. The increase in non-current liabilities is mainly due to an increase in the non-current portion of lease liabilities of S$94,000 and an increase in deferred taxation of S$158,000.

CASH FLOW

Statement of cash flow	The Group Year ended 31 December	
	2020 S$'000	2019 S$'000
Net cash generated from operating activities	2,821	7,473
Net cash used in investing activities	(2,127)	(2,005)
Net cash used in financing activities	(2,557)	(5,259)
Cash and cash equivalents at end of the year	13,526	15,389

Net cash generated from operating activities

In FY2020, the Group generated net cash inflow from operating activities of approximately S$2,821,000, which was a result of operating cash flows before changes in working capital of approximately S$6,267,000, net working capital outflows of approximately S$2,717,000, income tax paid of approximately S$792,000 and interest received of approximately S$63,000.

Net cash used in investing activities

In FY2020, the Group's net cash outflow for investing activities amounted to approximately S$2,127,000, mainly due to (i) purchases of financial assets at fair value through profit or loss of S$2,103,000; (ii) purchases of property, plant and equipment of S$87,000 and (iii) dividend income from financial assets at fair value through profit or loss of S$63,000.

Net cash used in financing activities

In FY2020, the Group's net cash outflow for financing activities amounted to approximately S$2,557,000, mainly due to (i) dividends payment of S$1,872,000; (ii) lease liabilities and interest payments of S$657,000; and (iii) purchase of treasury shares of S$28,000.

DIVIDEND

The Company had, on 7 September 2020, paid an interim dividend of 0.20 Singapore cent. Together with the proposed final cash dividend of 0.70 Singapore cents, the total dividends declared for FY2020 would amount to approximately S$1.871 million (FY2019: S$2.496 million), representing approximately 63.3% (FY2019: 49.4%) of the Group's consolidated net profits attributable to shareholders in FY2020.

GROUP STRUCTURE

BOARD OF DIRECTORS

Thomas Lim

Executive Chairman and CEO
Date of Appointment: 5 September 2014

Backed by more than 40 years of experience in the electrical retail business, Thomas Lim is responsible for the overall management and development of the Group, formulation of its strategic directions and expansion plans, as well as developing and maintaining relationships with our customers and suppliers. He was a founding partner of Choo Chiang Electrical Trading Service which was subsequently corporatised when Choo Chiang Marketing Pte. Ltd. ("**CCM**") was incorporated to take over the business in July 1991. Thomas Lim has been a director of CCM since its incorporation and currently does not hold directorships in any public-listed companies. Thomas Lim is the brother of Rocky Lim.

Rocky Lim

Executive Director
Date of Appointment: 5 September 2014

Rocky Lim started out working in Choo Chiang Electrical Trading Service in 1977, and after its corporatisation, he became the Sales Manager of CCM. In 2001, he was promoted to Sales and Marketing Director and was appointed as a director of CCM. He is responsible for the sales and marketing and the development of the Group, and the maintenance of relationships with the Group's customers and suppliers. He currently does not hold directorships in any public listed companies. Rocky Lim is the brother of Thomas Lim.

Lim Teck Chai, Danny
Lead Independent Director
Date of Appointment: 20 August 2018

Lim Teck Chai, Danny is our Lead Independent Director and was appointed to our Board on 20 August 2018. Danny Lim has more than 20 years of experience in the legal industry and is currently an equity partner in Rajah & Tann Singapore LLP. He joined the law firm in 1998 and has since been practising and advising on all aspects of corporate legal advisory and transactional work. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings. He is also an Independent Director of Kimly Limited, Stamford Land Corporation Ltd and Advancer Global Limited, all of which are companies listed on the SGX-ST.

Danny graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and a Master of Science (Applied Finance) degree from the Nanyang Technological University in April 2006. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999 and is a member of the Law Society of Singapore and the Singapore Academy of Law.

Sho Kian Hin, Eric
Independent Director
Date of Appointment: 13 November 2018

Sho Kian Hin, Eric is our Independent Director and was appointed to our Board on 13 November 2018. Eric Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring and group tax optimisation. Currently, Eric Sho is an Independent Director and Chairman of the Audit Committee of QT Vascular Limited and OUE Lippo Healthcare Limited, both companies listed on SGX Catalist.

Eric Sho was with Ernst & Young Kuala Lumpur from 1995 as Assurance and Advisory Business Service Manager and left in 2002 to join the private sector. Eric Sho started off his professional training with Victor & Company in 1990 and is a Fellowship of the Association of Certified Chartered Accountants (FCCA) and a member of the Singapore Institute of Directors.

Tan Soon Liang
Independent Director
Date of Appointment: 20 August 2018

Mr. Tan Soon Liang is our Independent Director and was appointed to our Board on 20 August 2018. Mr. Tan is the Founder and Managing Director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since May 2009. He is also currently the Managing Director of Omnibridge Capital Pte. Ltd. since December 2014, which focuses on early stage angel and venture capital investments in start-ups and fast-growing companies in Asia.

Prior to this, he was Head of Business Advisory with BDO Raffles Advisory Pte Ltd since April 2006 and responsible for origination and execution of Pre-IPO, Mergers and Acquisitions and growth advisory mandates.

Mr. Tan currently serves as an Independent Director of ISDN Holdings Limited, which is dual-listed on Main Board of the SGX-ST and SEHK as well as Clearbridge Health Limited and GDS Global Limited which are listed on Catalist Board of the SGX-ST. He also served as a non-executive director of Wong Fong Industries Limited listed on Catalist Board of the SGX-ST.

Mr. Tan holds a Bachelor of Business (Honours) Degree, majoring in Financial Analysis, from Nanyang Technological University which he obtained in July 1997 and a Master of Business Administration Degree from the University of Hull, United Kingdom in February 2001. Mr. Tan is also a CFA charterholder since September 2000 as well as a member of the Singapore Institute of Directors since June 2011.

KEY MANAGEMENT

Morland Fu
Chief Financial Officer and Company Secretary

Morland Fu joined the Group in August 2014. He is responsible for the financial accounting and reporting functions including accounting, internal controls, financial and management reporting, capital management, tax, compliance and merger and acquisition. Prior to joining the Group, he was a senior manager at Deloitte & Touche LLP. He holds a Master in Business Administration (Distinction) from the University of Manchester and a Bachelor in Financial Management from the Guangdong University of Foreign Studies in the PRC. He is a Non-Practicing Member of the Chinese Institute of Certified Public Accountants in the PRC, a member of the Association of Chartered Certified Accountants and a Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants.

Wilson Foo
General Manager

General Manager of the Group since 2007, Wilson Foo is responsible for the overall management of the business, which includes overseeing and managing its day-to-day operations. He also assists the Executive Chairman and CEO in formulating marketing and sales strategies, conducting marketing activities to promote the Group's products, as well as sourcing for sales opportunities, and focuses mainly on generating sales for the Group. He first joined the Group in 1993 and left to be an Air Crew Specialist with the Republic of Singapore Air Force from February 1995 to March 1999. He re-joined the Group in March 1999 and worked his way up the ranks to branch assistant manager and branch manager before being promoted to his current role. Wilson Foo is the nephew of Thomas Lim and Rocky Lim.

Josephine Tay
Administrative Manager

Josephine Tay joined the Group in April 1991 and is responsible for all aspects of human resource and administrative functions of our Group and also the handling of accounts. Prior to joining us, she was an administrative clerk at Nitto Trading Company from February 1990 to March 1991 where she was responsible for handling calls, providing quotations, and invoicing customers. Josephine Tay is the wife of Rocky Lim and sister of Andy Tay.

Andy Tay
Head of Sales (Retail)

Andy Tay joined the Group in July 1998 and was promoted up the ranks as retail sales assistance manager, head of project sales, project sales manager, export sales manager and Purchasing Manager before taking on his current role as the Group's Head of Sales (Retail) in 2020. He is responsible for developing and implementing retail sales strategies of the Group. He started out as an advertising sales executive at Info Ad Publishing Pte Ltd in 1995, following which he took on managerial roles at two other companies and was responsible for identifying and reaching out to new potential customers, responding to sales enquiries and providing solutions to clients' enquiries. Andy Tay is the brother-in-law of Rocky Lim and the brother of Josephine Tay.

MILESTONES

Efficient one-stop service catering to a wide range of customers and their needs

1977 A HERITAGE THAT STRETCHES BACK TO 1977

Choo Chiang Electrical Trading Service set up by Thomas Lim with a business partner

1991 A HERITAGE THAT STRETCHES BACK TO 1977

Corporatised the business and set up Choo Chiang Marketing Pte. Ltd. operating from Dunlop Street (retail branch) and Ang Mo Kio (retail branch/warehouse)

1991 DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS

Local distributor for Clipsal, Legrand and MK

1993 OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE

Opened Toa Payoh branch

1995 DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS

Local distributor for Hager

1997 OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE

Opened Sims Avenue branch

2000 OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE

Opened Woodlands branch

2001 OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE

Opened Bendemeer and Pioneer branches

2002 OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE

Opened Rowell branch and acquired warehouse in Woodlands

2004 DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS

Started to carry own brands, CCM and CRM

2006 DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS

Authorised dealer for Philips (light bulbs) and KDK (fans)

2007 OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE

Opened Toh Guan branch

RECENT DEVELOPMENTS **2009**

Acquired 50% stake in Neiken Electric (S) Pte. Ltd. (formerly known as Neiken Switchgear (S) Pte. Ltd.)

DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS **2011**

Ramped up sales of CCM and CRM brand of electrical products and accessories

REACHING GREATER HEIGHTS **2015**

Listed on the SGX-ST Catalist on 29 July 2015

OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE **2015**

Opened Ubi branch

RECENT DEVELOPMENTS **2015**

Incorporation of Choo Chiang Project Solutions Pte. Ltd.

OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE **2016**

Opened Tampines branch

RECENT DEVELOPMENTS **2016**

(i) Incorporation of Choo Chiang Properties Pte. Ltd.
(ii) Divested Neiken Electric (S) Pte. Ltd.

OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE **2018**

Relocation of existing retail branch from Bendemeer Road to Hamilton Road.

RECENT DEVELOPMENTS **2018**

Launched Choo Chiang Mobile Application

RECENT DEVELOPMENTS **2019**

Incorporation of Choo Chiang Cable Support System Sdn. Bhd.

RECENT DEVELOPMENTS **2020**

Repositioning Choo Chiang brand and better connected to our customers

RECENT ACHIEVEMENTS **2020**

Ranked No. 97 in the Singapore top 100 brands conferred by Brand Finance

Awarded the certificate of Business Excellence from Enterprise Singapore

CORPORATE SOCIAL RESPONSIBILITY

Dear Stakeholders,

We have been upholding our responsibility towards society by doing our part in every way possible within our means. From the time we were incorporated, we have strived in leaving footprints of positive impact in various sectors of the community.

FY2020 was an extraordinary year marked by unprecedented challenges brought about by the COVID-19 pandemic. In view of the unique situation that we are operating in, we have modified our operations to adapt and comply with regulations, as well as implemented targeted measures to help one another through this difficult period.

Stakeholder Engagement

We aim to engage all stakeholders to work together towards a common goal of enhancing our business operations, while benefitting one another.

During the year, we continue to execute our duties responsibly according to our underlying values. Some of the measures undertaken during the year include:

- Respond appropriately to our stakeholders' needs. We are committed to provide a safe environment for our customers through the implementation of social distancing practices and temperature measurements, which are in line with government regulations.
- Seek mutually beneficial solutions. During the year, we adapted to new norms and implemented a pandemic business continuity plan (BCP) to ensure we have rigorous systems and procedures in place to manage our operational risk impact.

Valuing our People

Our people remain our biggest asset. The pandemic has posed issues that challenge our conventional way of working. In response and adherence to the Singapore Government's regulations and guidelines, we have implemented flexible working arrangements to allow our employees to alternate between working from home and in the office, so as to reduce interaction amongst them.

We have also staggered working hours to enable employees to avoid the peak hour transport crowd to do our part to minimise community transmission of COVID-19. Other pandemic-related measures include upkeeping workplace cleanliness, compulsory temperature measurement, wearing of mask and social distancing within the work place.

On this front, we conducted internal training to educate employees on effective hygiene practices and other preventive measures to reduce transmission risk. As we continue to place emphasis on workplace safety, we constantly update our employees with new information on the pandemic and various ways to keep themselves safe during this period.

For employees who are affected by the border control measures, we have also provided lodging allowance and assistance to help them seek temporary accommodation in Singapore. We even went one step further to provide meal allowances to relieve some of their costs.

We understand that this is a difficult period for everybody. As such, we did not retrench any employee as a result of the pandemic, neither did we impose pay cuts or unpaid leave. Throughout the entire period, we took steps to communicate clear messages to our employees and linked them up with supportive resources that addressed their health and mental wellbeing needs.

Charities and Communities

In spite of having to adapt to new norms and challenges in FY2020, we managed to continue giving back to society through making contributions to a religious entity – Sri Mariamman Temple and an association run by disabled artists – Mouth & Foot Painting Artists Pte Ltd.

Sustaining our Environment

As part of our continual environmental effort, the Group eliminated the practice of sending monthly paper statement of accounts to our credit customers and switched to emailing e-statements instead with effect from April 2020. We have also converted our physical filing system to an electronic platform to reduce transmission and damage risks, enabling us to improve productivity and facilitate information accessibility in the workplace concurrently.

On this front, we have also replaced all the existing fluorescent lights in our headquarters with LED lights. Doing so can help us conserve more energy along with the need for fewer replacement bulbs, thereby reducing carbon emissions and landfill clutter. For more details on the Group's sustainability practises and efforts, please refer to our Sustainability Report 2020, which will be published separately by the end of April 2021 and can be accessed from the Singapore Exchange website at www.sgx.com.

Whistle-Blowing Policy

We offer employees an open channel to report any malpractices in the workplace to the Chairman of the Audit Committee with complete confidentiality. The Committee will then assess the disclosure and take appropriate action.

Investor Relations

As a listed company, it is our responsibility to keep our stakeholders informed by announcing material information accurately in a timely manner. Such information comprise of the Group's business performance and strategic developments, which are concurrently released on the Singapore Exchange website at www.sgx.com and on our website at www.choochiang.com.

Yours sincerely,

Thomas Lim
Executive Chairman and CEO

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Lim Teck Chuan, Thomas
(Executive Chairman and
Chief Executive Officer)

Mr Lim Teck Seng, Rocky
(Executive Director)

Mr Lim Teck Chai, Danny
(Lead Independent Director)

Mr Sho Kian Hin, Eric
(Independent Director)

Mr Tan Soon Liang
(Independent Director)

AUDIT COMMITTEE

Mr Sho Kian Hin, Eric
(Chairperson)

Mr Tan Soon Liang
(Member)

Mr Lim Teck Chai, Danny
(Member)

REMUNERATION COMMITTEE

Mr Lim Teck Chai, Danny
(Chairperson)

Mr Sho Kian Hin, Eric
(Member)

Mr Tan Soon Liang
(Member)

NOMINATING COMMITTEE

Mr Tan Soon Liang
(Chairperson)

Mr Lim Teck Chuan, Thomas
(Member)

Mr Lim Teck Chai, Danny
(Member)

Mr Sho Kian Hin, Eric
(Member)

COMPANY SECRETARIES

Ms Yeoh Kar Choo Sharon, ACIS
Mr Morland Fu Lin, CA

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

AUDITOR

Mazars LLP
135 Cecil Street
#10-01
Singapore 069536

Partner-in-charge:
Mr Tan Chee Tyan
(Appointed with effect from the financial year ended
31 December 2020)

REGISTERED OFFICE

10 Woodlands Loop
Singapore 738388
Website: https://www.choochiang.com/
T +65 6368 5922
F +65 6363 5922

INVESTOR RELATIONS

Choo Chiang Holdings Ltd.
Email: ir@choochiang.com

CORPORATE GOVERNANCE REPORT FY2020

The board of directors (the "**Board**") and the management (the "**Management**") of Choo Chiang Holdings Ltd. (the "**Company**") are committed to achieving a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of the Company's shareholders ("**Shareholders**").

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year ended 31 December 2020 ("**FY2020**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018, which was issued by Monetary Authority of Singapore on 6 August 2018 (the "**2018 Code**").

The Board is pleased to confirm that the Company has adhered to the core principles of the 2018 Code and any deviations from its provisions are explained in this report.

Principle 1: The Board's Conduct of its Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

<u>Provision 1.1 – Principal functions of the Board</u>

The Board is collectively responsible for the long-term success of the Group and is accountable to Shareholders. The functions of the Board include the following which are also part of the matters reserved for the Board's approval:–

a) set the Company's code of conduct, values and standards (including ethical standards), and ensures that obligations to Shareholders and other stakeholders are understood and duly met;

b) deciding on strategic objectives, key business initiatives, major investments and funding matters;

c) monitoring the performance of the Management and reviewing the financial performance of the Group;

d) implementing effective risk management systems including safeguarding of Shareholders' interest and the Company's assets and ensuring the adequacy of the Group's internal controls;

e) approving nominations to the Board and appointments to the various Board committees;

f) considering sustainability issues relating to the environmental, social and governance aspects of the Group's business and strategy;

g) providing oversight in the proper conduct of the Group's business and assuming responsibility for corporate governance, including ensuring proper accountability within the Group; and

h) ensuring compliance with the Code of Corporate Governance, the Companies Act (Cap 50) of Singapore, the Company's Constitution, the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), accounting standards and other relevant statutes and regulations.

Each director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to a transaction contemplated by the Group. Where a potential conflict of interest arises, the Director concerned does not participate in discussion and refrains from exercising any influence over other members of the Board.

Provision 1.2 – Directors' orientation and training

The Company recognises the importance of appropriate training for its Directors. Directors are constantly kept abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in seminars and workshops. The training of Directors will be arranged and funded by the Company. Please also refer to Principle 4 regarding the NC's plan for the Directors' training and professional development programmes.

The Board ensures that new incoming directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. A formal letter will be sent to newly appointed directors upon their appointment explaining, among other things, their roles, duties and responsibilities as members of the Board. The Board ensures that any incoming Director will be given an orientation on the Group's business strategies and operations and governance practices to facilitate the effective discharge of his duties. A visit to the Company's principal place of operations and warehouse will be arranged where necessary.

The NC will going forward and in accordance with Rule 406(3)(a) of the Catalist Rules, ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. During FY2020, no new Director was appointed to the Board.

The Board as a whole is kept up-to-date on pertinent business developments in the business, including the key changes in the relevant regulatory requirements and financial reporting standards, risk management, corporate governance and industry specific knowledge so as to enable them to properly discharge their duties as Board or Board Committee members. During FY2020, the following briefings and updates were provided to the Board:

a) briefing by the Company's external auditors, Mazars LLP ("**Mazars**"), on

    (i) the key developments in financial reporting and governance standards at the half-yearly meetings;

    (ii) key audit matters to be disclosed in the annual report;

b) briefing by the Company's Chief Executive Officer ("**CEO**") at each Board meeting on business and strategic developments of the Group;

c) news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors and circulated to the Board; and

d) Regulatory updates from the Company's sponsor, SAC Capital Private Limited.

Provision 1.3 – Matters requiring Board approval

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated to the Management. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to the respective Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and accordingly revised when necessary.

Matters specifically reserved for the Board's approval include material acquisitions and disposal of assets, corporate or financial restructuring, capital expenditure budgets, review of performance, share issuances, dividends to Shareholders and interested person transactions. Clear directions have been imposed on the Management that such matters must be approved by the Board.

Provision 1.4 – Delegation by the Board

All of the Company's Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group. To facilitate effective management, the Board delegates such functions and authority to the Board Committees without abdicating its responsibility. These committees includes the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (each a "**Board Committee**"), operates within clearly defined terms of reference and functional procedures. Each of these committees reports its activities regularly to the Board.

The composition of the Board and Board Committees are as follows:

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1	Mr Lim Teck Chuan ("**Thomas Lim**")	Executive Chairman and CEO	–	Member	–
2	Mr Lim Teck Seng ("**Rocky Lim**")	Executive Director	–	–	–
3	Mr Lim Teck Chai, Danny ("**Danny Lim**")	Lead Independent Director	Member	Member	Chairperson
4	Mr Sho Kian Hin, Eric ("**Eric Sho**")	Independent Director	Chairperson	Member	Member
5	Mr Tan Soon Liang	Independent Director	Member	Chairperson	Member

Further information on the respective Board Committees are set out under the various Principles in this report.

Provision 1.5 – Board meetings, attendance and multiple commitments

The Board meets at least twice in a year to approve, among others, announcements of the Group's half-yearly and full year financial results. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Constitution, the Board may convene telephonic and videoconferencing meetings.

The number of Board and Board Committee meetings during FY2020 and the attendance of each Director are set out below:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held(1)	No. of Meetings Attended	No. of Meetings Held(1)	No. of Meetings Attended	No. of Meetings Held(1)	No. of Meetings Attended	No. of Meetings Held(1)	No. of Meetings Attended
Mr Thomas Lim	2	2	2	2(2)	1	1	1	1(2)
Mr Rocky Lim	2	2	2	2(2)	1	1(2)	1	1(2)
Mr Danny Lim	2	2	2	2	1	1	1	1
Mr Eric Sho	2	2	2	2	1	1	1	1
Mr Tan Soon Liang	2	2	2	2	1	1	1	1

(1) Represents the number of meetings during FY2020. Our Audit committee and Board of Directors meetings were held on 28 February 2020 and 14 August 2020.

(2) Attendance at meetings that were held on a "By Invitation" basis.

All Directors are required to declare their board appointments. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding their multiple board appointments, Mr Danny Lim, Mr Eric Sho and Mr Tan Soon Liang who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company.

Provision 1.6 – Access to information

The Board is provided with adequate information by the Management in a timely manner and prior to Board meetings on matters to be deliberated. This facilitates an informed decision-making process to enable the Directors to discharge their duties and responsibilities. Directors are also updated on initiatives and developments on the Group's business whenever possible on an on-going basis. All Directors are entitled to be provided with any additional information needed to make informed decisions.

Provision 1.7 – Access to Management and Company Secretary

The Directors have separate and unrestricted access to the Management, and the company secretaries and where it is necessary for the Directors to seek independent professional advice to effectively discharge their duties, the Directors can, whether as a group or individually, seek the requisite advice at the Company's expense.

The company secretaries and/or their representatives are required to attend all Board and Board Committee meetings and assists the Board and the Board Committees in ensuring that the respective procedures are followed and the applicable rules and regulations are complied with.

Under the direction of the Chairman, the company secretaries' responsibilities include ensuring good information flows with the Board and its Board committees and between the Management and Independent Directors, advising the Board on all governance matters as well as facilitating orientation and assisting with professional development as required.

The appointment and the removal of the company secretaries are subject to the approval of the Board.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1 – Board Independence

As set out under the 2018 Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The NC assess and reviews annually the independence of a director bearing in mind the salient factors as set out under the 2018 Code as well as all other relevant circumstances and facts.

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the 2018 Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the 2018 Code. Based on the confirmation of independence submitted by the Independent Directors, the NC was of the view that each Independent Director is independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration on is determined by the RC.

(b) None of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment.

(c) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received payments from the Group aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received payments from the Group aggregated over any financial year in excess of S$200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial Shareholder of the company in the current or immediate past financial year.

Provision 2.2, 2.3 and 2.4 – Board composition and diversity

The Board currently comprises five (5) Directors, three (3) of whom are Independent and Non-Executive Directors and two (2) are Executive Directors. The Chairman is not independent. As the Independent Directors make up a majority of the Board, the Company has complied with Provisions 2.2 and 2.3 of the 2018 Code.

The Company is committed to build a diverse, inclusive and collaborative culture. The Company recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The Board's Diversity Policy provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Diversity is a key criterion in the instructions to external search consultants.

The NC has reviewed and is satisfied that the current composition and board size is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. The three (3) Independent Directors, who make up more than half of the Board, provide the Board with independent and objective judgment on corporate affairs of the Company.

The Board with the assistance of the NC is proactive in seeking to maintain an appropriate balance of expertise, skills and attributes among the Directors, and this is reflected in the diversity of backgrounds and the competency of each of the Directors. Such competency includes accounting, legal, relevant industry knowledge, entrepreneurial and management experience, familiarity with relevant regulatory requirements and risk management. This diversity and competency allows the Management to tap on the broad range of views and perspective and the breadth of experience of the Directors.

Provision 2.5 – Non-executive directors and/or independent directors meet without presence of management

During the year, the Non-Executive Directors communicated among themselves and met without the presence of the Management as and when warranted. The Lead Independent Director subsequently provides material feedback received to the Board.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO

Mr Thomas Lim is the Company's Executive Chairman and CEO. He is the founder of the Group and has played an instrumental role in developing the Group's business since its establishment. He has considerable industry experience and a wide business network and has also provided the Group with strong leadership and vision. Taking into account the size, scope and the nature of the operations of the Group, as well as the familiarity of Mr Thomas Lim at managing the affairs of the Group, the Board is of the view that it is in the interest of the Group to adopt a single leadership structure.

Provision 3.2 – Role of the Chairman and the CEO

Mr Thomas Lim, as the Executive Chairman and the CEO, is responsible for implementing the Group's strategies and policies as well as the day-to-day management of the Group's operations. He also leads the Board to ensure its effectiveness on all aspects of its role and set the agenda for the Board meetings, in particular strategic issues. The Executive Chairman also sets guidelines and ensures quality, completeness, adequacy and timeliness of information between the Board and the Management, facilitates the effective contribution of the Non-Executive Directors, and builds constructive relations within the Board and between the Board and the Management. The Executive Chairman ensures effective communication between the Board and Shareholders and promotes high standards of corporate governance.

Provision 3.3 – Lead Independent Director

In view of the dual roles of the Chairman and the CEO by Mr Thomas Lim, the Board in mindful of the need to appoint a lead independent director to provide focal leadership in situations where the Chairman is conflicted. In this regard, the Board has appointed Mr Danny Lim as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on board issues between the Independent Directors and the Executive Chairman. He is available to any Shareholders who may have concerns, where contact through the normal channels via the Executive Chairman and CEO, the Executive Director and/or the Company's Chief Financial Officer (the "**CFO**") has failed to provide satisfactory resolution, or where such contact is inappropriate.

All the Board Committees are chaired by Independent Directors and more than half of the Board consists of Independent Directors. The Board is of the view there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without the Executive Chairman and CEO being able to exercise considerable power or influence.

The NC has also reviewed the Board's performance as a whole and was satisfied that members of the Board possess the relevant core competencies in areas of accounting and finance, business and management experience, and strategic planning. In particular, the non-executive Directors, who are mostly professionals in their selected fields, are able to take a broader view of the Group's activities, contribute their valuable experience and provide independent judgment during the Board's deliberation on Group's matters.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 and 4.2 – Composition of the NC

The NC consists of three (3) Independent Directors (including the Lead Independent Director) and one (1) Executive Director. The majority of the members of the NC, including the NC Chairperson, is independent.

Mr Tan Soon Liang – Chairperson
Mr Danny Lim – Member
Mr Eric Sho – Member
Mr Thomas Lim – Member

The key terms of reference of the NC include:

a) evaluate and review nominations for appointment and re-appointment to the Board and the various committees;

b) nominate directors for re-election at the Company's annual general meeting ("**AGM**"), having regard to the Director's contribution and performance;

c) review and approve all promotions of key management;

d) determine annually and as and when circumstances require if a Director is independent;

e) recommend to the Board the process for the evaluation of the performance of the Board, the Board committees, individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director;

f) decide whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;

g) review and make recommendations to the Board on relevant matters relating to the succession plans of the Board in particular, the Chairman, the CEO and key management; and

h) review the training and professional development programmes for the Board.

The NC makes recommendations to the Board on relevant matters relating to the Board including succession planning; all board appointments/re-appointments of Directors, taking into consideration composition of the Board and progressive renewal of the Board; how the Director fits into the overall competency matrix of the Board as well as the Director's contribution and performance at Board meetings, including attendance, preparedness and participation; training and professional development programmes for the Board.

The Company has an open policy for professional training for all the Board members, including Executive Directors and Independent Directors. The Company endorses the Singapore Institute of Directors ("**SID**") training programmes and sets a budget for such training and professional development programmes. All Board members are encouraged to attend any relevant training organised by the SID or any other organisation which provides relevant training courses for Directors. The cost of such training will be borne by the Company.

Provision 4.3 – Board Renewal

The NC has in place formal written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board.

In identifying suitable candidates, the NC may:

a) advertise or use services of external advisers to facilitate a search;

b) approach alternative sources such as the SID; or

c) consider candidates from a wide range of backgrounds from internal or external sources.

After short listing the candidates, the NC shall:

a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have enough time available to devote to the position; and

b) evaluate and agree on a preferred candidate for recommendation to and appointment by the Board.

Provision 4.4 – Independence review of Directors

As mentioned under Principle 2 above, the NC also reviews the independence of the Directors annually based on the 2018 Code and the Catalist Rules and have affirmed that Mr Danny Lim, Mr Eric Sho and Mr Tan Soon Liang are independent.

Based on Rule 720(4) of the Catalist Rules, a listed issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years. Regulation 114 of the Company's Constitution also provides that at least one-third of the Directors shall retire from office at the AGM. Accordingly, Mr Thomas Lim and Mr Eric Sho will retire at the forthcoming AGM. Mr Thomas Lim is the brother of Mr Rocky Lim, the Company's Executive Director. The NC has recommended to the Board that the retiring Directors be nominated for re-election. In recommending the above Directors for re-election, the NC has given regard to the results of the Board's assessment in respect of their competencies in fulfilling their responsibilities as Directors to the Board. The NC has also reviewed and affirmed the independence of Mr Eric Sho and is of the view that there are no relationships identified in the 2018 Code and the Catalist Rules which would affect his independence.

The key information on the Directors as at the date of this Report is set out below:

Name of Director	Mr Thomas Lim	Mr Rocky Lim	Mr Danny Lim	Mr Eric Sho	Mr Tan Soon Liang
Job Title	Executive Chairman and CEO, NC Member.	Executive Director.	Lead Independent Director, Chairperson of RC, AC Member and NC Member.	Independent Director, Chairperson of AC, RC Member and NC Member.	Independent Director, Chairperson of NC, RC Member and AC Member.
Date of initial appointment	5 September 2014	5 September 2014	20 August 2018	13 November 2018	20 August 2018
Date of last re-appointment (if applicable)	24 April 2019	30 April 2020	30 April 2020	24 April 2019	24 April 2019
Age	65	59	47	51	48
Country of principal residence	Singapore	Singapore	Singapore	Malaysia	Singapore
Professional qualifications	Nil	Nil	Bachelor of Law (Honours) degree from the National University of Singapore and Master of Science (Applied Finance) degree from the Nanyang Technological University	Fellow Membership of Association of Certified Chartered Accountant	Bachelor of Business (Honours) (Financial Analysis) from Nanyang Technological University, Master of Business Administration from University of Hull and CFA Charterholder from CFA Institute

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Name of Director	Mr Thomas Lim	Mr Rocky Lim	Mr Danny Lim	Mr Eric Sho	Mr Tan Soon Liang
Working experience and occupation(s) during the past 10 years	More than 40 years of experience in the electrical retail business.	More than 40 years of experience in the electrical retail business.	Mr. Danny Lim joined Rajah & Tann Singapore LLP upon graduation in May 1998 and has since been practicing and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has experience in acquisitions, investments, takeovers, initial public offerings and restructurings, and his clients include multinational corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.	Mr. Eric Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring and group tax optimisation. Mr. Eric Sho started off his professional training with Victor & Company in 1990. He was with Ernst & Young Kuala Lumpur from 1995 as Assurance and Advisory Business Service Manager and left in 2002 to join the private sector. In 2007, Mr. Eric Sho was appointed as Executive Director and Chief Financial Officer of China Farm Equipment Limited, a company formerly listed on the Mainboard of the SGX-ST. After China Farm Equipment Limited was privatised in 2013, Mr. Eric Sho remains involved in the ongoing corporate exercise to list the China Farm Equipment's assets in China. From February 2013 to December 2017, he was Corporate Development Director of Hunan Longzhou Farm Equipment Holdings Co., Ltd.	Mr. Tan Soon Liang is the Founder and Managing Director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since May 2009. He is also the Managing Director of Omnibridge Capital Pte. Ltd., which focuses on early stage angel and venture capital investments in start-ups and fast-growing companies in Asia. He currently serves as an independent director of ISDN Holdings Limited, which is dual-listed on Main Board of the SGX-ST and SEHK as well as Clearbridge Health Limited and GDS Global Limited which is listed on Catalist Board of the SGX-ST. Between 2006 and 2010, Mr. Tan Soon Liang was Head of Business Advisory and later, an Advisor at BDO Raffles Advisory Pte Ltd. He was responsible for corporate advisory work for Asian family businesses and corporations, including business transformation advisory work. Early in his career, he held various positions in companies within the financial industry.

Name of Director	Mr Thomas Lim	Mr Rocky Lim	Mr Danny Lim	Mr Eric Sho	Mr Tan Soon Liang
Other Principal commitments (including Directorships)					
(i) Current					
– Public companies	Nil	Nil	(i) Stamford Land Corporation Ltd; (ii) Kimly Limited; and (iii) Advancer Global Limited.	(i) OUE Lippo Healthcare Ltd.; and (ii) QT Vascular Ltd.	(i) ISDN Holdings Limited; (ii) Clearbridge Health Limited; and (iii) GDS Global Limited.
– Private companies	(i) TL Investment Holdings Pte. Ltd.; (ii) Choo Chiang Marketing Pte. Ltd.; (iii) Choo Chiang Properties Pte. Ltd.; (iv) Choo Chiang Project Solutions Pte. Ltd.; and (v) Choo Chiang Cable Support System Sdn. Bhd.	(i) Choo Chiang Marketing Pte. Ltd.; (ii) Choo Chiang Properties Pte. Ltd.; and (iii) Choo Chiang Project Solutions Pte. Ltd.		(i) China Farm Equipment Pte Ltd.; and (ii) Hartanah Kencana Sdn. Bhd.	(i) ACH Investors Pte. Ltd; (ii) Allin Holdings Pte. Ltd.; (iii) Omnibridge Capital Ltd; (iv) Omnibridge Capital Pte. Ltd.; (v) Omnibridge Investments Ltd; (vi) Omnibridge Investment Partners Pte. Ltd; (vii) Omnibridge Investments Pte. Ltd.; (viii) Ti Investment Holdings Pte. Ltd.; and (ix) Ti Ventures Pte. Ltd.
(ii) Past Directorships (within the last 5 years)					
– Public companies	Nil	Nil	(i) Deskera Holdings Ltd; (ii) SinCap Group Limited; (iii) China Star Food Group Limited; (iv) UG Healthcare Corporation Limited; (v) Tee Land Limited; and (iv) Trans-Cab Holdings Ltd	Nil	(i) Wong Fong Industries Limited.

Name of Director	Mr Thomas Lim	Mr Rocky Lim	Mr Danny Lim	Mr Eric Sho	Mr Tan Soon Liang
– Private companies	(i) Neiken Electric (S) Pte. Ltd.; (ii) CCM International Holdings Pte. Ltd. (struck off); (iii) Chastan Pte. Ltd. (struck off); (iv) Grimm Industries Pte. Ltd.; (v) Grimm Industries Company Limited; (vi) CCM Ventures Pte. Ltd.; and (vii) CCM Australia Pty. Ltd. (struck off)	(i) TL Investment Holdings Pte. Ltd.; (ii) Neiken Electric (S) Pte. Ltd.; (iii) CCM International Holdings Pte. Ltd. (struck off); (iv) Chastan Pte. Ltd. (struck off); and (v) Grimm Industries Pte. Ltd.	Nil	Nil	(i) Omnibridge Investment Partners Ltd. (struck off); (ii) Epika Pte. Ltd. (struck off); (iii) Allin International Holdings Pte. Ltd (struck off); (iv) MG Investors Pte. Ltd (struck off); and (v) The Learning Fort Pte Ltd (struck off)
Shareholding interest in the Company and its subsidiaries	Please refer to Directors' Statement, Directors' interests in shares or debentures of this Annual Report	Please refer to Directors' Statement, Directors' interests in shares or debentures of this Annual Report	Please refer to Directors' Statement, Directors' interests in shares or debentures of this Annual Report	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Thomas Lim and Mr Rocky Lim are brothers. Mr Thomas Lim is a controlling shareholder of the Company while Mr Rocky Lim is a substantial Shareholder of the Company	Mr Thomas Lim and Mr Rocky Lim are brothers. Mr Thomas Lim is a controlling shareholder of the Company while Mr Rocky Lim is a substantial Shareholder of the Company.	Nil	Nil	Nil
Conflicts of interest	Nil	Nil	Nil	Nil	Nil
Appendix 7H undertaking	Yes	Yes	Yes	Yes	Yes

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Name of Director to be re-elected	
	Mr Thomas Lim	**Mr Eric Sho**
Date of appointment announcement ("**Previous Announcement**")	Offer document dated 15 July 2015	13 November 2018
Changes from the Previous Announcement	No changes, save for the information disclosed below.	No.
Changes to the Previous Announcement, if applicable		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Mr Thomas Lim had attended an interview at the Monetary Authority of Singapore on 29 September 2017 to assist in the investigation of an alleged offence under the Securities and Futures Act, Chapter 289. Relevant announcement was released to the SGX-ST on 5 December 2017. Mr Thomas Lim informed that the investigation was a personal matter and with no involvement over the shares or the business activities of the Company. There were no further updates after the interview.	N.A.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

Currently, the Company does not have any alternate Director on the Board.

Provision 4.5 – Directors' time commitments

As set out under Provision 1.2, a formal letter will be sent to newly appointed directors to explain their roles, duties and responsibilities to the Company. Directors are also required to declare their board appointments as mentioned in Provision 1.5 above. To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has discussed and agreed not to fix a maximum number of board representations but to take a holistic approach that, if the Directors do take up directorship in other listed companies, they will be able to adequately carrying their duties as Directors. Where necessary, the NC will make its assessment at the relevant time. The Board had accepted the NC's recommendation. Details on directorships and principal commitments of the Directors are set out under "Director's profile" section.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 and 5.2 – Board Evaluation Process

A review of the Board, Board Committee and individual Director's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole, the Board Committees and individual Directors. Each Board member will be required to complete an appraisal form, which takes into consideration factors such as Board structure, conduct of meetings, risk management and internal controls, commitment to and attendance at meetings, level of participation and contribution by the Directors. The appraisal form will be returned to the Company Secretary who will collate the results for the Chairman of the NC who will present the results and recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance.

The Board has not engaged any external facilitator in conducting the assessment of Board performance. Where relevant, the NC will consider such engagement.

The NC, in assessing the contribution of each Director, had considered each Director's attendance and participation at Board and Board Committee meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered.

Principle 6 – Procedures for developing remuneration policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

<u>Provision 6.1 and 6.2 – Composition of the RC</u>

The RC consists of three (3) members, all of whom including the RC Chairperson, are non-executive and independent:

Mr Danny Lim – Chairperson
Mr Eric Sho – Member
Mr Tan Soon Liang – Member

According to its terms of reference, the responsibilities of the RC include the following:–

a) make recommendations to the Board on a framework of remuneration for the Board and key management personnel of the Group and the specific remuneration packages for each Director (executive and independent) as well as for the key management personnel;

b) review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;

c) consider whether Directors, the CEO and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and

d) consider the remuneration disclosure requirements for Directors and the top five key management personnel as required by the Code of Corporate Governance.

<u>Provision 6.3 – Remuneration framework</u>

The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy and for determining the remuneration packages of individual directors and key management personnels ("**KMP**"). The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each director and key management.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Company's relative performance and the performance of individual Directors and key management personnel. Executive Directors are paid a basic salary and a performance-related bonus that are linked to the performance of the Company. Key management are paid basic salary and performance bonus.

On an annual basis, the RC reviews and approves the annual increments, variable bonus to be granted to the Executive Directors and the key management which are within specific mandates sought from the Board.

The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors and key management to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous.

Provision 6.4 – Remuneration consultant

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY2020.

Principle 7 – Level and mix of remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 and 7.3 – Remuneration of Executive Directors and key management

The RC conducts annual reviews of the compensation to ensure that the remuneration of the Executive Directors and key management commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

In addition, to ensure the alignment of the Executive Directors and the key management with the interests of Shareholders and to promote the long-term success of the Company, the Company has adopted the Choo Chiang Performance Share Plan before its listing on the SGX-ST in July 2015 (the "**Listing**"). The RC will at the relevant time look into granting share awards under the Choo Chiang Performance Share Plan.

All revisions to the remuneration packages for the Executive Directors and key Management are subject to the review by and approval of the Board while Directors' fees are further subject to the approval of Shareholders.

The Company had entered into separate service agreements (the "**Service Agreements**") with each of Mr Thomas Lim and Mr Rocky Lim who are the Executive Directors, for a period of two (2) years from the date of Listing. Thereafter, the RC shall review the renewal of the Service Agreements (unless otherwise terminated by either party giving not less than six (6) months' prior written notice to the other).

Pursuant to their respective Service Agreements, Mr Thomas Lim and Mr Rocky Lim are entitled to a monthly salary and an annual wage supplement. They are also entitled to an annual performance bonus in respect of each financial year, which is calculated based on the Group's consolidated net profit before tax and exceptional items before taking into account the annual performance bonus. Under the Service Agreements, the salary, annual wage supplement and annual performance bonus shall be subject to annual review by the RC to be approved by the Board.

Having reviewed and considered the variable components of the remuneration on packages for the Executive Directors and the key management, which are deemed to be moderate, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by Executive Directors and key management. The Board believes that the Company should be able to avail itself to remedies against the Executive Directors and key management in the event of such breach of fiduciary duties.

Provision 7.2 – Remuneration of Non-Executive Directors

In reviewing the structure and level of directors' fees for the Independent Non-Executive Directors, the RC considers their level of contribution taking into account factors such as effort and time spent, and their respective roles and responsibilities on the Board and the Board Committees. The Independent Directors receive a basic fee for their services. The RC also ensures that the Independent Directors should not be over-compensated to the extent that their independence may be compromised. No Director is involved in deciding his own remuneration package.

Principle 8 – Disclosure on remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration

While the 2018 Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' remuneration due to competitiveness in the industry for talent. As such, the Board has deviated from complying with Provision 8.1 of the 2018 Code and has provided a breakdown, showing the level and mix of for each Director and the CEO in bands of S$250,000 for FY2020:–

Remuneration Band and Name of Director	Salary %	Bonus/Profit Sharing %	Fees %	Benefits in Kind %	Total %
Up to S$250,000					
Mr Danny Lim	–	–	100	–	100
Mr Eric Sho	–	–	100	–	100
Mr Tan Soon Liang	–	–	100	–	100
S$500,001 to S$750,000					
Mr Rocky Lim	98	–	–	2	100
S$750,001 to S$1,000,000					
Mr Thomas Lim	98	–	–	2	100

Provision 8.1 of the 2018 Code recommends disclosure of remuneration of the top five key management personnel (who are not Directors or the CEO) on a named basis and in bands of S$250,000.

The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the names, remuneration and annual aggregate of total remuneration of key management due to competitiveness in the industry for talent. In addition, the Group only has four key management who are not Directors or the CEO. A breakdown, showing the level of the top four (4) key management personnel's remuneration (who are not Directors or the CEO) in bands of S$250,000 for FY2020 is set out below:–

Remuneration Band	Salary and Bonus %	Benefits in Kind %	Number of Executives
Up to S$250,000	**96**	**4**	**3**
S$250,001 to S$500,000	**100**	**–**	**1**

Provision 8.2 – Remuneration of related employees

Ms Josephine Tay, the administrative manager and a key management of the Group, is the spouse of Mr Rocky Lim, the Group's Executive Director, and her annual remuneration for FY2020 was between S$200,000 and S$250,000. Save for Ms Josephine Tay, there are no other employees of the Group who are substantial Shareholders of the Company or are immediate family members of a Director, the CEO or a substantial Shareholder of the Company and whose remuneration exceeds S$100,000.

Provision 8.3 – Forms of remuneration and details of employee share schemes

Details pertaining to the form of remuneration and other payments and benefits of Directors and key management are disclosed under Provisions 8.1 and 8.2 above.

The Company has adopted the Choo Chiang Performance Share Plan ("**PSP**") before the Listing which aims to reward eligible employees including, Executive Directors, Independent Directors, key management and other employees of the Group. Controlling Shareholders and their associates who meet the eligibility criteria shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of awards granted to, such persons are approved by the independent Shareholders in separate resolutions for each such person.

The aggregate number of ordinary shares in the issued share capital of the Company over which the RC may grant on any date, when added to the number of ordinary shares issued and issuable in respect of all shares granted under the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of award.

The PSP is administered by the RC comprising Mr Danny Lim (Chairperson), Mr Eric Sho and Mr Tan Soon Liang. Since its commencement till the date hereof, no awards has been granted under the PSP. Accordingly, none of the Directors, controlling Shareholders or their associates has been awarded any shares under the PSP and none of the participants was granted 5% or more of the total number of shares available under the PSP. The participants of the PSP do not include any directors or employees of any parent company and its subsidiaries.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 – Nature and extent of risks

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or poor judgment in decision-making.

The Board, assisted by the AC, reviews annually and ensures that a sound system of risk management and internal controls is maintained by the Group to safeguard Shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives.

The AC has engaged the services of an independent accounting and auditing firm, Crowe Horwath First Trust Risk Advisory Pte Ltd, as its internal auditors ("**IA**") to review on a regular basis and in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors, the internal controls of the Group addressing financial, operational, compliance and information technology controls. Subsequent to the review, the IA will report its findings to the AC and will propose recommendations to enhance the Group's internal controls and to resolve any instances of inadequate internal control processes. The Management is responsible for the implementation of the various recommendations and will report the progress of implementation to the AC. No material high risk findings were noted in the IA report for FY2020 and all other findings have been addressed by Management.

The Board and the AC work closely with the IA, external auditors and the Management to institute, execute and monitor relevant controls with a view to enhance the Group's risk management system. The Board did not establish a separate Board risk committee as it is currently assisted by the AC, IA and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out on pages 95 to 102 of this Annual Report.

Provision 9.2 – Assurance from the CEO and CFO

For FY2020, the Board and the AC have received assurance from the CEO and the CFO that: (a) the financial records have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective.

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the IA and the external auditors, the Board with the concurrence of the AC, is of the view that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems in place during FY2020 are adequate and effective.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

Provision 10.1, 10.2 and 10.3 – Composition of the AC

The AC comprises three (3) members, all of whom including the AC Chairman, are independent and non- executive directors:

Mr Eric Sho – Chairperson
Mr Danny Lim – Member
Mr Tan Soon Liang – Member

None of the AC member is a former partner or director of the Company's existing auditing firm. The key written terms of reference of the AC, which is approved by the Board, are as follows:–

a) review the adequacy, effectiveness, independence, scope of the Company's external audit and internal audit function, and review the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

b) review the external auditors' reports;

c) review with internal auditors the findings of their review report, internal control process and procedures, and make recommendations on the internal control process and procedures to be adopted by the Group;

d) review the recommendations of the external and internal auditors and monitor the implementation of recommendations;

e) review the co-operation given by the Directors and the Management to the external auditors and internal auditors;

f) review the financial statements of the Company and the Group and the assurance from the CEO and CFO on the financial records and financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, and concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before their submission to the Board for approval;

g) commission and review the findings of internal investigation of any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

h) making recommendations to the Board on the appointment, reappointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;

i) review the key financial risk areas, with a view to providing independent oversight on the Group's financial reporting, with the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNet;

j) review and recommend to the Board the types of risks or risk appetite the Company undertakes to achieve its business strategies. Oversee the risk management framework, policies and resources to manage and report risks within the Company's risk appetite;

k) review, either internally or with the assistance of any third parties, and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance, risk management policies and information technology controls;

l) recommend to the Board on the opinion and disclosure in the annual report on the adequacy and effectiveness of the Company's risk management and internal controls systems in accordance with the Catalist Rules and the 2018 Code;

m) review interested person transactions, falling within the scope of Chapter 9 of the Catalist Rules, if any, and connected person transactions;

n) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;

o) review any potential conflicts of interest and set framework to resolve or mitigate any potential conflict of interest;

p) review and approve relevant policies and procedures implemented by the Group and conduct periodic review of such policies and procedures;

q) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

r) review arrangements by which the Group's staff may, in confidence, raise concerns about improprieties in matters of financial reporting and to ensure those arrangements are in place for independent investigations of such matter and for appropriate follow-up; and

s) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

Provision 10.4 – Internal audit function

The internal audit function of the Group is currently undertaken by Crowe Horwath First Trust Risk Advisory Pte Ltd. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The AC is satisfied that the internal audit function is independent and the internal auditors has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all of the Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group.

Further information on the Group's internal audit function are set out under the section "Risk Management and Internal Controls" in this report.

Provision 10.5 – AC activities during the year

The AC meets on a half-yearly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance.

The AC meets with the internal auditors and the external auditors, in each case, without the presence of the Management, at least annually. Matters to discuss include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC also reviews the independence and objectivity of the external auditors annually. The aggregate amount of fees paid or payable to the Company's auditors, Mazars, for FY2020 is as below.

External Auditor Fees for FY2020	**S$'000**
Audit fees	65

The AC will review the scope and value of any non-audit services, which may be provided to the Group by the external auditors and should be satisfied that the nature and extent of any such services will not prejudice the independence and objectivity of the external auditors. Having considered that there has not been any non-audit services provided and non-audit fees paid during the financial year, the AC is satisfied with the independence and objectivity of Mazars and has recommended to the Board the nomination of Mazars for re-appointment as auditors of the Company at the forthcoming AGM.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to the Management and full discretion to invite any Director or key management personnel or any Executive Officer to attend its meetings. The AC is reasonably resourced to enable it to discharge its functions properly. During FY2020, the AC has received full co-operation from the Management and the Group's officers in the course of it carrying out its duties. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Mazars.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors. Save for Choo Chiang Cable Support System Sdn. Bhd., a wholly-owned subsidiary of the Company incorporated in Malaysia which is dormant in FY2020 and not subjected to audit, the Company and all its subsidiaries are incorporated in Singapore and have been audited by Mazars. Mazars is registered with the Accounting and Corporate Regulatory Authority of Singapore ("ACRA").

Mr Eric Sho, the AC Chairperson has extensive and practical accounting and financial management knowledge and experience and is competent to lead the AC and keep its members abreast of changes to accounting standards and issues which have a direct impact on financial statements. In addition, the AC is also briefed by the external auditors for updates on any changes to relevant accounting standards which could have an impact on the Group's business and financial statements.

The Company has adopted a Whistle-Blowing Policy, which has been made available to all employees of the Group, to provide a channel for the Group's employees to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigation to be carried out independently. For FY2020, there were no reported incidents pertaining to whistle blowing.

In line with the recommendations by ACRA, the Monetary Authority of Singapore and SGX-ST, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("**KAM**"). The AC having reviewed the KAM presented by Mazars in their financial report, have concurred and agreed with Mazars and Management on their assessment, judgements and estimates on the significant matters reported.

Principle 11: Shareholders' Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders'rights and have the opportunity to communicate their views on matters affecting the company.

The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

<u>Provision 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings</u>

Shareholders are encouraged to participate during the general meetings. Shareholders are informed of Shareholders' meetings through notices contained in annual reports or circulars sent to all Shareholders. These notices are also published in the Business Times and posted onto the SGXNet.

All Shareholders are invited to participate and are given the right to vote on resolutions at general meetings. The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. A proxy form is sent with the notice of general meeting to the Shareholders. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

As the authentication of Shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax. In this connection, the Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the Shareholders through the web is not compromised.

In FY2020, all Directors including Chairman of the Board and the respective Chairpersons of the AC, RC and NC, the Management, and the external auditors are in attendance at AGM of the Company as well as the extraordinary general meeting ("**EGM**") in relation to the proposed change of the Company's auditors to address any queries of Shareholders.

For FY2020, due to the COVID-19 outbreak, the Company's AGM and EGM held on 30 April 2020 and 5 November 2020 respectively were held by way of electronic means, through "live webcast". The notices of general meetings were not published on the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's website. Shareholders participated in the AGM and EGM via electronic means.

Provision 11.5 – Minutes of general meetings

The Company with the help of the company secretaries prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and Management and such minutes, where relevant will be made available to Shareholders upon their written request.

The proceeding of each of the general meetings will be properly recorded. All minutes of the general meetings will be available for inspection of Shareholders upon their request (upon approval by the Board). For the recent general meetings of the Company held in FY2020, the Company had published the minutes of the general meetings on its corporate website and the SGXNet within one month from the conclusion of the general meetings.

Provision 11.6 – Dividend policy

The Company does not have a fixed dividend policy. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

(i) the level of the Group's cash and retained earnings;

(ii) the Group's actual and projected financial performance;

(iii) the Group's projected levels of capital expenditure and other investment plans;

(iv) the Group's working capital requirements and general financing condition;

(v) the Group's restrictions on payment of dividends imposed on the Group by the Group's financial arrangements (if any); and

(vi) the general economic and business conditions in countries in which the Group may operate in the future.

The declaration and payment of final dividends will be determined at the sole discretion of the Directors, subject to the approval of Shareholders. The Directors may declare an interim dividend without the approval of Shareholders. For FY2020, the Company had paid an interim dividend of 0.20 Singapore cents and is recommending a final dividend of 0.70 Singapore cents to be approved at the forthcoming AGM. The total amount of dividend declared, if the final dividend is approved by shareholders in the coming general meeting, in respect of FY2020 is approximately S$1,871,000 (2019: S$2,496,000) which represents 63.3% of the Group's profit attributable to owners of the Company in FY2020.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1, 12.2 and 12.3 – Stakeholder engagement

The Company treats all Shareholders fairly and equitably and respects Shareholders' rights. The Company continually reviews and updates governance arrangements with regard to Shareholders' rights.

Relevant information pertaining to the Group, such as changes in the Company or its business which may affect the share price or value of the Company is disseminated in a comprehensive, accurate and timely manner to Shareholders through public announcements via SGXNet or through circulars to Shareholders and the annual reports.

The Company does not practice selective disclosure. The Company avoids boilerplate disclosures and provides detailed and forthcoming disclosure in its announcements to the SGX-ST. Such announcements are also available on the Company's website https://www.choochiang.com.

The Company has an internal investor relations function to facilitate the communication with all stakeholders (Shareholders, analysts and media) on a regular basis, to attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance. To enable Shareholders to contact the Company easily, the contact details of the investor relations function are set out in the contents page of this annual report as well as on the Company's website. The Company has procedures in place with regard to responding to investors' queries.

Principle 13: Managing stakeholder relationships

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company undertakes a formal stakeholder engagement exercise, such as press releases, publications, surveys and customer feedback which conducted to identify material stakeholder groups which include shareholders, government and regulator, employees, media and public relations, suppliers, customers as well as the local communities. The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further details can be found in our sustainability report for the year ended 31 December 2020 which will be released by April 2021.

Contact details of our investor relations function are also listed on our corporate website to facilitate dialogue and queries from stakeholders.

Dealing in Securities

The Group has adopted an internal compliance policy to provide guidance to its Directors and officers of the Group with regard to dealings in the Company's securities. The policy prohibits dealing in the Company's securities by all Directors and relevant officers of the Group while in possession of unpublished price-sensitive information and requires all Directors and relevant officers to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Directors and relevant officers are discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in securities during the one (1) month period before the announcement of the Company's half-yearly and full year financial results. The Board will be kept informed when a Director trades in the Company's securities. The Directors and the Group's relevant officers are also required to adhere to the provisions of the Securities and Futures Act, the Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In view of the processes in place, in the opinion of the Directors, the Company has complied with Rule 1204(19) of the Catalist Rules on dealings in securities.

Material Contracts

Save for the material contracts as summarised below, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling Shareholder either still subsisting as at 31 December 2020 or if not then subsisting, entered into since the end of the previous financial year.

(i) Personal guarantees provided by Mr Thomas Lim

Mr Thomas Lim had provided personal guarantees to the Housing & Development Board and Hong Leong Finance Limited in order that the Group may secure lease agreements and right-of-use assets. Mr Thomas Lim did not receive any benefit in kind, commission or interest from the Group for providing these personal guarantees.

Non-Sponsor Fees

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited during the financial year under review.

Interested Person Transactions

There is no general mandate from Shareholders for interested person transactions. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis. The Company confirms that there were no interested person transactions during the financial year under review.

Non-Audit Fees

For FY2020, there were no non-audit fees paid to the Company's auditors, Mazars.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Lim Teck Chuan
Lim Teck Seng
Lim Teck Chai, Danny
Sho Kian Hin
Tan Soon Liang

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "**Act**"), except as disclosed below:

Name of directors and companies in which interests are held	**Shareholdings registered in name of directors**	
	At beginning of year	**At end of year**
Immediate holding company (Ordinary shares)		
– TL Investment Holdings Pte. Ltd.		
Lim Teck Chuan	100,000	100,000
The Company (Ordinary shares)		
– Choo Chiang Holdings Ltd.		
Lim Teck Seng	14,560,000	14,560,000

The issued share capital of TL Investment Holdings Pte. Ltd. comprised 100,000 ordinary shares as at the date hereof.

Name of directors and company in which interests are held	Shareholdings in which directors are deemed to have interests	
	At beginning of year	At end of year
The Company (Ordinary shares)		
– Choo Chiang Holdings Ltd.		
Lim Teck Chuan	131,040,000	131,040,000
Lim Teck Seng	260,000	260,000
Lim Teck Chai, Danny	130,000	130,000

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Lim Teck Chuan is deemed to have an interest in all the related corporations of the Company.

The Directors' interests in the shares of the Company at 21 January 2021 were the same at 31 December 2020.

5. AUDIT COMMITTEE

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Sho Kian Hin (Chairman)
Tan Soon Liang
Lim Teck Chai, Danny

The Audit Committee has convened two meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;

(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;

(iv) reviewed the half-yearly and annual announcements on the results of the Group and financial position of the Group and of the Company;

(v) reviewed and assessed the adequacy of the Group's risk management processes;

(vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) reviewed interested person transactions in accordance with SGX listing rules;

(viii) reviewed the nomination of external auditors and gave approval of their compensation; and

(ix) submitted of report of actions and minutes of the audit committee to the Board of Directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive Officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6. AUDITORS

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

....

Lim Teck Chuan
Director

....

Lim Teck Seng
Director

Singapore
25 March 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHOO CHIANG HOLDINGS LTD.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Choo Chiang Holdings Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 3 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

All the significant components were audited by us.

Areas of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response
Impairment on trade receivables (Note 11) *Refer to Note 3 (Critical accounting judgements and key sources of estimation uncertainty), Note 11 (Trade receivables) and Note 31 (Financial instruments and financial risks – credit risk).*	
As at 31 December 2020, the Group's trade receivables were $4.75 million (2019: $5.56 million), representing a significant balance on the statement of financial position of the Group. With reference to SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9"), the Group adopts a simplified approach for the recognition of the loss allowance for trade receivables, which are carried at amortised cost, at an amount equal to lifetime expected credit losses ("ECL") and has also used the practical expedient permitted in SFRS(I) 9 in the form of a provision matrix. The assessment of the credit risk and the measurement of ECL require the use of significant judgement and estimates. Any impairment losses or gains resulting from the recognition or reversal of ECL are recognised in profit or loss as an adjustment to the loss allowance at the reporting date.	Our audit procedures included, and were not limited to, the following: • Obtained an understanding of the Group's application of SFRS(I) 9 and assessed the appropriateness thereof; • Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables; • Selected samples and obtained the trade receivables confirmation reply to ascertain the existence and validity of the trade receivables. For non-reply trade receivables confirmation, we vouched to subsequent settlements and corresponding acknowledged delivery orders and invoices for the selected samples as alternative procedures; • Reviewed the accuracy and completeness of the trade receivables aging as at year end, and performed independent checks on the historical collection pattern for customers with past due receivables, the subsequent collection from customers and financial performance or position of the customers; and • Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

Key Audit Matter	**Audit Response**
Valuation for inventories (Note 14) *Refer to Note 3 (Critical accounting judgements and key sources of estimation uncertainty) and Note 14 (Inventories).*	
As at 31 December 2020, the Group's inventories were $17.07 million (2019: $14.37 million), representing a significant balance on the statement of financial position of the Group. At the end of each reporting period, management assesses whether there is any objective evidence that certain inventories are stated at cost which are above their net realisable value ("NRV"). If so, these inventories are written down to their net realisable value. Management's allowance for inventory obsolescence is subjective and is influenced by estimates concerning the level of sale activity.	Our audit procedures included, and were not limited to, the following: • Discussed with management on the Group's policy on making allowance for inventory obsolescence; • Evaluated management's basis for the inventory provisions, outcome of estimations and methodology applied to identify slow moving and obsolete inventories; • Reviewed management's assessment of the estimation of NRV of inventories as at 31 December 2020 to determine whether the inventories are measured at the lower of cost and net realisable value; • Attended and observed the inventory count conducted by management at the year end and assessed the adequacy of controls in placed for the inventory count to ascertain that inventories are in good and saleable condition; and • Tested the Group's application of the weighted average cost method and the appropriateness of the carrying amount of the inventories, with reference to the NRV of the inventories selected in our testing.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The financial statements of the Group and the Company for the financial year ended 31 December 2019 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 24 March 2020.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chee Tyan.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020	2019
		$'000	$'000
Revenue	4	**52,711**	63,841
Cost of sales		**(37,261)**	(44,929)
Gross profit		**15,450**	18,912
Other operating income	5	**1,479**	374
Administrative and selling expenses		**(10,647)**	(11,476)
Other operating expenses		**(2,525)**	(1,558)
Finance costs	6	**(117)**	(113)
Profit before income tax	7	**3,640**	6,139
Income tax expense	8	**(684)**	(1,104)
Profit for the year, representing total comprehensive income for the year		**2,956**	5,035
Total comprehensive income attributable to:			
Owners of the Company		**2,956**	5,048
Non-controlling interests		**–**	(13)
		2,956	5,035
Earnings per share (in cents):			
Basic and diluted	9	**1.42**	2.43

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020	2019	**2020**	2019
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**13,526**	15,389	**488**	272
Trade receivables	11	**4,754**	5,564	**3,773**	473
Other receivables and prepayments	12	**555**	416	**17,117**	17,041
Financial assets at fair value through profit or loss	13	**2,118**	–	**–**	–
Inventories	14	**17,068**	14,367	**–**	–
Total current assets		**38,021**	35,736	**21,378**	17,786
Non-current assets					
Property, plant and equipment	15	**7,650**	8,661	**–**	–
Investment properties	16	**13,196**	14,003	**–**	–
Club membership	17	**186**	205	**–**	–
Other receivables and prepayments	12	**–**	31	**–**	–
Investments in subsidiaries	18	**–**	–	**2,238**	2,238
Right-of-use assets	19	**2,765**	2,592	**–**	–
Total non-current assets		**23,797**	25,492	**2,238**	2,238
Total assets		**61,818**	61,228	**23,616**	20,024
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	20	**8,003**	8,061	**–**	–
Other payables and accruals	21	**1,691**	2,129	**246**	63
Contract liabilities	22	**–**	82	**–**	–
Lease liabilities	23	**509**	383	**–**	–
Income tax payable		**896**	1,162	**45**	28
Total current liabilities		**11,099**	11,817	**291**	91
Non-current liabilities					
Lease liabilities	23	**2,829**	2,735	**–**	–
Deferred tax liabilities	24	**184**	26	**–**	–
Total non-current liabilities		**3,013**	2,761	**–**	–
Total liabilities		**14,112**	14,578	**291**	91
Capital and reserves					
Share capital	25	**8,020**	8,020	**8,020**	8,020
Treasury shares	25	**(28)**	–	**(28)**	–
Retained earnings		**39,714**	38,630	**15,333**	11,913
Total equity		**47,706**	46,650	**23,325**	19,933
Total liabilities and equity		**61,818**	61,228	**23,616**	20,024

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital	Treasury shares	Retained earnings	Attributable to the owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Balance at 1 January 2019	8,020	–	37,034	45,054	48	45,102
Adjustment on adoption of SFRS(I) 16 (Note 35)	–	–	(537)	(537)	–	(537)
Balance at 1 January 2019 (Restated)	8,020	–	36,497	44,517	48	44,565
Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year	–	–	5,048	5,048	(13)	5,035
Transactions with owners, recognised directly in equity:						
Effects of acquiring part of non-controlling interests in a subsidiary (Note 18)	–	–	(3)	(3)	(35)	(38)
Dividend paid (Note 26)	–	–	(2,912)	(2,912)	–	(2,912)
Transactions with owners, recognised directly in equity	–	–	(2,915)	(2,915)	(35)	(2,950)
Balance at 31 December 2019	8,020	–	38,630	46,650	–	46,650
Profit for the year, representing total comprehensive income for the year	–	–	2,956	2,956	–	2,956
Transactions with owners, recognised directly in equity						
Purchase of treasury shares (Note 25)	–	(28)	–	(28)	–	(28)
Dividend paid (Note 26)	–	–	(1,872)	(1,872)	–	(1,872)
Transactions with owners, recognised directly in equity	–	(28)	(1,872)	(1,900)	–	(1,900)
Balance at 31 December 2020	8,020	(28)	39,714	47,706	–	47,706

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020	2019
		$'000	**$'000**
Operating activities			
Profit before income tax		**3,640**	6,139
Adjustments for:			
Interest expense on bank loans	6	**–**	8
Interest expense on lease liabilities	6	**117**	105
Interest income	5	**(63)**	(172)
Depreciation of property, plant and equipment	15	**622**	624
Depreciation of investment properties	16	**346**	346
Depreciation of right-of-use assets	19	**587**	455
Impairment loss on property, plant and equipment	15	**476**	–
Impairment loss on investment properties	16	**461**	–
Amortisation of club membership	17	**19**	19
Loss on disposal of property, plant and equipment	7	**–**	8
Loss allowance for trade receivables	31	**62**	197
Bad debts recovered	5	**(2)**	(10)
Provision for stock obsolescence	14	**80**	–
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	5	**(63)**	–
Fair value gain on FVTPL	5	**(15)**	–
Operating cash flows before movements in working capital		**6,267**	7,719
Changes in working capital:			
Trade receivables		**750**	(1,006)
Other receivables and prepayments		**(108)**	(33)
Inventories		**(2,781)**	288
Trade payables		**(58)**	979
Other payables and accruals		**(438)**	219
Contract liabilities		**(82)**	82
Cash generated from operations		**3,550**	8,248
Income tax paid		**(792)**	(947)
Interest received		**63**	172
Cashflows generated from operating activities		**2,821**	7,473
Investing activities			
Purchase of property, plant and equipment	15	**(87)**	(1,824)
Addition of right-of-use assets		**–**	(150)
Prepayment of intangible asset		**–**	(31)
Dividend income from financial assets at FVTPL		**63**	–
Purchase of financial assets at FVTPL		**(2,103)**	–
Cashflows used in investing activities		**(2,127)**	(2,005)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020	2019
		$'000	**$'000**
Financing activities			
Acquisition of non-controlling interests in a subsidiary		**–**	(38)
Purchase of treasury shares		**(28)**	–
Repayment of bank loans		**–**	(1,761)
Repayment of lease liabilities		**(540)**	(435)
Dividend paid	26	**(1,872)**	(2,912)
Interest paid	6	**(117)**	(113)
Cashflows used in financing activities		**(2,557)**	(5,259)
Net (decrease)/increase in cash and cash equivalents		**(1,863)**	209
Cash and cash equivalents at beginning of year		**15,389**	15,180
Cash and cash equivalents at end of year	10	**13,526**	15,389

Reconciliation of liabilities arising from financing activities

			Non-cash movement	
	1 January 2020	**Financing cashflows**	**Acquisition**	**31 December 2020**
	$'000	**$'000**	**$'000**	**$'000**
Liability				
Lease liabilities	**3,118**	**(540)**	**760**	**3,338**

			Non-cash movement	
	1 January 2019	Financing cashflows	Acquisition	31 December 2019
	$'000	$'000	$'000	$'000
Liabilities				
Bank loans	1,761	(1,761)	–	–
Lease liabilities	–	(435)	3,553	3,118

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Choo Chiang Holdings Ltd. (the "Company") (Registration Number 201426379D) is a limited liability company incorporated and domiciled in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 10 Woodlands Loop, Singapore 738388.

The principal activity of the Company is that of investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 18 to the financial statements.

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors at the date of the Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I) INTs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 16	Amendment to SFRS(I) 16: *Covid-19- Related Rent Concessions*	1 June 2020
SFRS(I) 3	Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non- current*	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Various	Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group does not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investments in associates or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9"), is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* ("SFRS(I) 1-12") and SFRS(I) 1-19 *Employee Benefits* ("SFRS(I) 1-19") respectively.

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. **Summary of significant accounting policies** (Continued)

2.3 **Business combinations** (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 **Revenue recognition**

The Group recognises revenue from the following major sources:

- Sale of goods, comprising of electrical products and accessories.

- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Sale of goods</u>

The Group sells electrical products and accessories directly to customers through its own retail outlets. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivables is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Sale of goods (Continued)

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Rental income

Rental income is generated from operating lease of the Group's investment properties. It is accounted for under SFRS(I) 16 *Leases* ("SFRS(I) 16") i.e. on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis. Therefore, it is not within the scope of SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15").

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.8 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2. Summary of significant accounting policies (Continued)

2.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

2.11 Property, plant and equipment

Leasehold buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Building and shop units	30 to 81 years
Motor vehicles	5 to 10 years
Furniture and fittings	5 years
Office equipment	3 to 5 years
Renovation	3 years
Machinery and equipment	5 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 19.

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the depreciable amount of the investment properties, including the renovation, over their estimated useful lives or remaining lease term which are follow:

Freehold properties	–	50 years
Shop units	–	27 to 57 years

Property under construction at the end of the reporting period are not yet available for use. No depreciation is charged on property under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets

Acquired intangible assets

Acquired intangible assets are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method, over the following bases:

- Club membership 14 years

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

2.14 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.4.

Financial assets are classified as subsequently measured at amortised cost and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 31.

2. **Summary of significant accounting policies** (Continued)

2.15 **Financial instruments** (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.18 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. **Summary of significant accounting policies** (Continued)

2.18 Leases (Continued)

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments less any lease incentive receivable,

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

– amounts expected to be payable under a residual value guarantee,

– the exercise price under a purchase option that the Group is reasonably certain to exercise, and

– payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as it arises.

2. Summary of significant accounting policies (Continued)

2.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the investments in subsidiaries of the Company is impaired. The Company's carrying amount of investments in subsidiaries as at 31 December 2020 is $2,238,000 (2019: $2,238,000) (Note 18).

Investments in subsidiaries are tested for impairment whenever there is objective evidence that these assets may be impaired. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries and the growth rates of the major industries in which its customers operate. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future.

The expected loss allowance on the Group's trade receivables as at 31 December 2020 was $698,000 (2019: $638,000) (Note 31).

Depreciation of property, plant and equipment and investment properties

The Group depreciates the property, plant and equipment and investment properties over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and investment properties. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment and investment properties at 31 December 2020 were $7,650,000 (2019: $8,661,000) (Note 15) and $13,196,000 (2019: $14,003,000) (Note 16) respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of property, plant and equipment and investment properties

The Group regularly evaluates the carrying amount of the property, plant and equipment and investment properties to determine if events have occurred that would require an adjustment to its carrying amount. The valuation of the property, plant and equipment and investment properties is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the property, plant and equipment and investment properties might not be recovered. In assessing the recoverability of the property, plant and equipment and investment properties, the Group reviews certain indicators of potential impairment such as reported sale and purchase prices, market demand and general market conditions. If an indication of impairment is identified, the need for recognising an impairment loss is assessed by comparing the carrying amount of the property, plant and equipment and investment properties to the higher of the fair value less cost to sell and the value-in-use.

The Group carried out a review of the recoverable amount of its properties based on the valuation reports issued by independent professional valuer. The recoverable amounts of the relevant properties have been determined after considering the current market conditions in which the investment properties operate and review of the recent market sales of similar properties.

Consequently, an impairment loss of $476,000 and $461,000 (2019: $Nil and $Nil) representing the write-down of the building and shop units and investment properties to the recoverable amount was included in "other operating expenses" of the Group's profit or loss for the financial year ended 31 December 2020.

The carrying amounts of the Group's building and shop units included in property, plant and equipment and investment properties as at 31 December 2020 was $6,777,000 and $13,196,000 (2019: $5,233,000 and $14,003,000) (Note 15 and Note 16) respectively.

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2020 was $17,068,000 (2019: $14,367,000) (Note 14).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Estimation of lease term

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. During the financial year ended 31 December 2020, the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $2,061,000 (2019: $2,039,000) and $1,505,000 (2019: $1,532,000) respectively.

4. Revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8.

A disaggregation of the Group's revenue for the year, is as follows:

	Group	
	2020	2019
	$'000	$'000
Segment revenue		
Sales of goods	**52,248**	63,357
Rental income (Note 16)	**463**	484
	52,711	63,841
Timing of revenue recognition		
At a point in time:		
Sales of goods	**52,248**	63,357
Over time:		
Rental income	**463**	484
	52,711	63,841

5. Other operating income

	Group	
	2020 **$'000**	2019 $'000
Bad debts recovered	**2**	10
Dividend income from financial assets at FVTPL	**63**	–
Net foreign exchange gain	**5**	9
Fair value gain on FVTPL	**15**	–
Government grants [1]	**1,248**	47
Interest income	**63**	172
Sponsorship	**57**	112
Sundry income	**26**	24
	1,479	374

[1] During the financial year, to help businesses cope with the impact from COVID-19, the government introduced the Jobs Support Scheme ("JSS") and property tax rebates.

The JSS provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. JSS payouts are intended to offset local employees' wages and help protect their jobs. Under the property tax rebates, the property owners of qualifying properties, depending on the property type, will be granted rebates of up to 100% on their property tax payable.

The Group has been awarded certain government grants for which the grant income was recognised in other income. The grant income relating to Jobs Support Scheme and property tax rebates amounted to $1,036,000, and the corresponding expenses were recognised in administrative and selling expenses. Grant receivables of $208,000 were recognised in other receivables (Note 12).

During the financial year, the Group received rent concessions for the retail store leases from its respective landlords as assistance to tide over the impact of COVID-19. The Group applied the practical expedient for eligible rent concessions. The amount recognised in the statement of profit or loss for the financial year ended 31 December 2020 to reflect changes in lease payments that arose from rent concessions to which the Group has applied the practical expedient is $48,000.

6. Finance costs

	Group	
	2020 **$'000**	2019 $'000
Interest expense on bank loans	**–**	8
Interest expense on lease liabilities	**117**	105
	117	113

7. Profit before income tax

The following charges/(credits) were included in the determination of profit before income tax:

	Group	
	2020	2019
	$'000	$'000
Directors' remuneration:		
Short-term benefits	**1,672**	1,923
Post-employment benefits	**22**	22
Staff costs	**6,377**	6,603
Cost of defined contribution plans included in staff costs	**610**	676
Cost of inventories included in expense	**36,859**	44,479
Expense relating to short-term leases (Note 23)	**28**	175
Loss/(Gain) on disposal of property, plant and equipment	**–**	8
Net foreign exchange loss/(gain)	**31**	(9)
Audit fees paid to auditors of the Group	**65**	77
Rental relief, net [1]	**38**	–

[1] The Group has been awarded property tax rebate and cash grants from Government. The rebate and grant received offset against the rental waiver bear by the Group to the tenant as follows:

	2020
	$'000
Property tax rebate and cash grant from government	**36**
Rental waiver paid to tenants	**(74)**
Rental relief, net	**(38)**

8. Income tax expense

	Group	
	2020	2019
	$'000	$'000
Current tax expense		
Current financial year	**641**	1,162
Overprovision in prior financial year	**(115)**	(58)
	526	1,104
Deferred tax expense		
Origination and reversal of temporary differences	**47**	–
Underprovision of deferred tax in prior year	**111**	–
	158	–
Total	**684**	1,104

8. **Income tax expense** (Continued)

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable income for the year.

	Group	
	2020	2019
	$'000	$'000
Profit before income tax	**3,640**	6,139
Income tax expense calculated at 17% (2019: 17%)	**619**	1,044
Non-allowable items	**293**	177
Income not subject to tax	**(170)**	–
Tax exemption	**(52)**	(35)
Tax rebate	**–**	(17)
Overprovision of tax expense in prior year	**(4)**	(58)
Others	**(2)**	(7)
	684	1,104

9. **Earnings per share**

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	2020	2019
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company) ($'000)	**2,956**	5,048
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**207,968**	208,000
Earnings per share (cents) – basic and diluted[(i)]	**1.42**	2.43

The diluted earnings per share was not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

(i) Earnings per ordinary share is calculated based on the profit attributable to owners of the Company divided by weighted average number of ordinary shares.

10. **Cash and cash equivalents**

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash on hand	**122**	135	**–**	–
Cash at bank	**13,404**	11,234	**488**	272
Fixed deposit	**–**	4,020	**–**	–
	13,526	15,389	**488**	272

In the previous financial year, the Group's fixed deposits carried a fixed interest on prevailing market rates at 1.8% per annum with a tenure of 3 months.

11. Trade receivables

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Trade receivables				
– Third parties	**5,452**	6,202	**–**	–
– Subsidiary	**–**	–	**3,773**	473
Less: loss allowance	**(698)**	(638)	**–**	–
Total	**4,754**	5,564	**3,773**	473

Trade receivables are non-interest bearing and the Group generally extend credit period of 30 to 90 (2019: 30 to 90) days from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

The details of the impairment of trade receivables and credit exposures are disclosed in Note 31.

12. Other receivables and prepayments

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Other receivables and prepayments				
– Third parties	**37**	63	**7**	5
– Subsidiaries	**–**	–	**17,082**	17,008
– Grant receivable	**208**	–	**16**	–
– Deposit	**101**	110	**–**	–
– Prepayments	**209**	274	**12**	28
	555	447	**17,117**	17,041
Less: Non-current receivables	**–**	(31)	**–**	–
Current	**555**	416	**17,117**	17,041

The non-trade amounts due from subsidiaries are unsecured, interest-free, and are repayable on demand.

13. Financial assets at fair value through profit or loss

	Group	
	2020	2019
	$'000	$'000
Current investments		
Quoted equity instruments at FVTPL	**2,118**	–

Quoted equity instruments

The quoted equity instruments classified at FVTPL have no fixed maturity date or coupon rate and are denominated in Singapore dollar. The fair values of these instruments are based on closing quoted market prices on the last market day of the financial year.

14. Inventories

	Group	
	2020 **$'000**	2019 $'000
At cost:		
Finished goods	**19,060**	16,309
Goods in transit	**267**	237
	19,327	16,546
Less: Allowance for stock obsolescence	**(2,259)**	(2,179)
	17,068	14,367
Movement in the allowance for stock obsolescence:		
Balance at beginning of the year	2,179	2,179
Charged to profit or loss	80	–
Balance at end of the year	2,259	2,179

15. Property, plant and equipment

	Building and shop units	Motor vehicles	Furniture and fittings	Office equipment	Renovation	Machinery and equipment	Renovation in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At 1 January 2019	6,969	1,483	317	1,031	327	204	309	10,640
Adoption of SFRS(I) 16 (Note 35)	–	–	–	(296)	–	–	–	(296)
At 1 January 2019 (Restated)	6,969	1,483	317	735	327	204	309	10,344
Additions	–	–	–	103	–	–	2,016	2,119
Disposals	–	–	–	(27)	–	–	–	(27)
At 31 December 2019	6,969	1,483	317	811	327	204	2,325	12,436
Additions	–	–	5	24	32	–	26	87
Disposals	–	–	–	(8)	–	–	–	(8)
Reclassification	2,218	–	–	–	133	–	(2,351)	–
At 31 December 2020	**9,187**	**1,483**	**322**	**827**	**492**	**204**	**–**	**12,515**

15. Property, plant and equipment (Continued)

	Building and shop units	Motor vehicles	Furniture and fittings	Office equipment	Renovation	Machinery and equipment	Renovation in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Accumulated depreciation:								
At 1 January 2019	1,593	582	243	360	305	141	–	3,224
Adoption of SFRS(I) 16 (Note 35)	–	–	–	(54)	–	–	–	(54)
At 1 January 2019 (Restated)	1,593	582	243	306	305	141	–	3,170
Depreciation for the year	143	249	48	147	13	24	–	624
Disposals	–	–	–	(19)	–	–	–	(19)
At 31 December 2019	1,736	831	291	434	318	165	–	3,775
Depreciation for the year	198	181	22	146	51	24	–	622
Disposals	–	–	–	(8)	–	–	–	(8)
At 31 December 2020	1,934	1,012	313	572	369	189	–	4,389
Accumulated impairment loss								
At 1 January 2019, 31 December 2019 and 1 January 2020	–	–	–	–	–	–	–	–
Impairment for the year	476	–	–	–	–	–	–	476
At 31 December 2020	476	–	–	–	–	–	–	476
Carrying amount:								
At 31 December 2020	6,777	471	9	255	123	15	–	7,650
At 31 December 2019	5,233	652	26	377	9	39	2,325	8,661

Details of the building and shop units fully paid by the Group are as follow:

Address	Tenure	Remaining tenure	Existing use
10 Woodlands Loop Singapore 738388	66 years	34 years	Warehouse and Retail
61 Ubi Road #01-11, Oxley Bizhub Singapore 408727	60 years	50 years	Retail
Blk 640 Rowell Road #01-70, Singapore 200640	81 years	63 years	Retail
Blk 3 Soon Lee Street #01-09 Pioneer Junction Singapore 627606	30 years	21 years	Retail

During the financial year, the Group carried out a review of the recoverable amounts of its building and shop units on the valuation reports issued by an independent professional valuer. The recoverable amount of the building and shop units is measured at fair value less costs of disposal ("FVLCD"). The FVLCD of the relevant building and shop units were determined by adopting the market approach, which considers the current market conditions in which the building and shop units operate and review of the recent market sales of similar building and shop units.

15. **Property, plant and equipment** (Continued)

The fair value is regarded as level 3 in the fair value hierarchy based on the inputs to the valuation technique used. As at 31 December 2020, the significant unobservable input was the price per square foot with the range of $340 to $537 (2019: $546 to $683).

Consequently, an impairment loss of $476,000 (2019: $Nil) representing the write-down of the building and shop units to the recoverable amount was included in "other operating expenses" of the Group's profit or loss for the financial year ended 31 December 2020 (2019: $Nil).

16. **Investment properties**

	Freehold properties	Shop units	Total
	$'000	**$'000**	**$'000**
Group			
Cost:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	9,680	6,508	16,188
Accumulated depreciation			
At 1 January 2019	917	922	1,839
Depreciation for the year	194	152	346
At 31 December 2019	1,111	1,074	2,185
Depreciation for the year	193	153	346
At 31 December 2020	1,304	1,227	2,531
Accumulated impairment loss			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	–	–	–
Impairment for the year	–	461	461
At 31 December 2020	–	461	461
Carrying amount:			
At 31 December 2020	8,376	4,820	13,196
At 31 December 2019	8,569	5,434	14,003

The investment properties listed above are used for commercial purpose.

16. Investment properties (Continued)

Details of the shop units fully paid by the Group for commercial use are as follow:

	Tenure	Remaining tenure	Fair value	
			2020 $'000	2019 $'000
Address of properties				
48 Toh Guan East #01-102, Singapore 608586	60 years	37 years	**1,050**	1,100
8B Admiralty Street #01-06, Singapore 757440	60 years	40 years	**1,300**	1,570
8B Admiralty Street #01-07, Singapore 757440	60 years	40 years	**1,292**	1,560
65 Ubi Road 1 #02-65, Oxley Bizhub, Singapore 408729	60 years	50 years	**665**	1,220
5 Soon Lee Street, Pioneer Point #01-66, Singapore 627607	30 years	21 years	**410**	638
5 Soon Lee Street, Pioneer Point #01-67, Singapore 627607	30 years	21 years	**329**	560

Details of the freehold properties fully paid by the Group for commercial use are as follow:

	Fair value	
	2020 $'000	2019 $'000
Address of properties		
9 Tagore Lane, #02-06, 9@Tagore, Singapore 787472	**1,450**	1,520
9 Tagore Lane, #02-07, 9@Tagore, Singapore 787472	**1,675**	1,820
9 Tagore Lane, #03-16, 9@Tagore, Singapore 787472	**1,528**	1,660
23 New Industrial Road, #02-08, Solstice Business Centre, Singapore 536209	**1,400**	1,400
421 Tagore Industrial Avenue, #01-22, Tagore 8, Singapore 787805	**1,767**	2,000
421 Tagore Industrial Avenue, #01-23, Tagore 8, Singapore 787805	**1,767**	2,000

During the financial year, the Group carried out a review of the recoverable amounts of its investment properties on the valuation reports issued by an independent professional valuer. The recoverable amount of the investment properties is measured at FVLCD. The FVLCD of the relevant investment properties were determined by adopting the market approach, which considers the current market conditions in which the investment properties operate and review of the recent market sales of similar investment properties.

16. Investment properties (Continued)

The fair value is regarded as level 3 in the fair value hierarchy based on the inputs to the valuation technique used. As at 31 December 2020, the significant unobservable input was the price per square foot with the range of $261 to $879 (2019: $283 to $986).

Consequently, an impairment loss of $461,000 (2019: $Nil) representing the write-down of the investment properties to the recoverable amount was included in "other operating expenses" of the Group's profit or loss for the financial year ended 31 December 2020 (2019: $Nil).

The following amounts are recognised in profit or loss:

	Group	
	2020	2019
	$'000	$'000
Rental income from investment properties (Note 4)	**463**	484
Direct operating expenses (including repairs and maintenance) from:		
– rental-generating investment properties	**402**	450

17. Club membership

	Group
	$'000
Cost:	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	265
Accumulated amortisation:	
At 1 January 2019	41
Amortisation for the year	19
At 31 December 2019	60
Amortisation for the year	19
At 31 December 2020	79
Carrying amount:	
At 31 December 2020	186
At 31 December 2019	205

18. Investments in subsidiaries

	Company	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost	**2,388**	2,340
Additions	**–**	48
Less: Impairment loss	**(150)**	(150)
	2,238	2,238

18. Investments in subsidiaries (Continued)

	Company	
	2020 **$'000**	2019 $'000
Movement in the impairment of subsidiaries:		
Balance at beginning of year	**150**	–
Increase in allowance recognised in profit or loss	**–**	150
Balance at end of year	**150**	150

The Company assesses impairment of its investments in subsidiaries whenever there is any indication that the investment may be impaired. Impairment is made if the recoverable amount of the investment is less than its carrying amount. Management uses the net tangible asset position of the subsidiaries which they determine approximates the recoverable amount. In the previous financial year, there was an impairment allowance amounting to $150,000 on its subsidiary, Choo Chiang Project Solutions Pte. Ltd. based on the entity's net tangible position and the entity remain dormant at the end of the reporting period.

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	Company	
	2020 **$'000**	2019 $'000
Amount paid on changes in ownership interest in subsidiary	**–**	38
Non-controlling interest acquired	**–**	(35)
Difference recognised in equity	**–**	3

Details of the Group's subsidiaries at 31 December 2020 and 2019 are as follows:

Name of subsidiary/Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
		2020 **%**	2019 %
Choo Chiang Marketing Pte. Ltd. Singapore [(1)]	Supply of electrical products and accessories; and assemblers of lighting fittings and fixtures.	**100**	100
Choo Chiang Project Solutions Pte. Ltd. Singapore [(1)]	Supply of electrical products and accessories.	**100**	100
Choo Chiang Properties Pte. Ltd. Singapore [(1)]	Property investment and real estate management.	**100**	100
Choo Chiang Cable Support Systems Sdn. Bhd. Malaysia [(2)]	Manufacturing of cable support systems.	**100**	100

(1) Audited by Mazars LLP, Singapore.

(2) On 6 November 2019, the Company contributed 100% of the share capital for the incorporation of its subsidiary, Choo Chiang Cable Support System Sdn. Bhd., amounting to $10,000 (equivalent to RM30,000) which was unpaid at the end of the reporting period.

19. Right-of-use assets

The Group as lessee

The Group leases several leasehold land and buildings, equipment and a motor vehicle. The average lease term is 8 years (2019: 7 years).

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group has option to exercise extension at the end of the lease term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

	Leasehold land and buildings	Office equipment	Motor vehicle	Total
	$'000	**$'000**	**$'000**	**$'000**
Group				
Cost:				
At 1 January 2019	4,102	296	–	4,398
Additions	210	–	200	410
At 31 December 2019	4,312	296	200	4,808
Additions	833	–	–	833
Disposal – Lease modification	(632)	–	–	(632)
At 31 December 2020	4,513	296	200	5,009
Accumulated depreciation:				
At 1 January 2019	1,707	54	–	1,761
Depreciation	387	59	9	455
At 31 December 2019	2,094	113	9	2,216
Depreciation	492	59	36	587
Disposal	(559)	–	–	(559)
At 31 December 2020	2,027	172	45	2,244
Carrying amount:				
At 31 December 2020	2,486	124	155	2,765
At 31 December 2019	2,218	183	191	2,592

The lease liabilities relating to the right-of-use assets are disclosed in Note 23.

20. Trade payables

	Group	
	2020	2019
	$'000	$'000
Third parties	**7,766**	7,768
GST payable	**237**	293
	8,003	8,061

Included in the Group's trade payables are creditors for purchase of finished goods.

20. Trade payables (Continued)

The average credit period on purchase of goods is 30 to 90 days (2019: 30 to 90 days). No interest is charged on the outstanding trade payables.

21. Other payables and accruals

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Third parties	**174**	69	**62**	13
Subsidiary	**–**	–	**148**	9
Rental deposits received	**89**	82	**–**	–
Rental received in advance	**15**	9	**–**	–
Accruals	**1,413**	1,969	**36**	41
	1,691	2,129	**246**	63

22. Contract liabilities

	Group	
	2020	2019
	$'000	$'000
Advances received from customers	**–**	82

Revenue relating to sale of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer makes an advanced payment, the consideration received at that point by the Group is recognised as a contract liability until the goods have been delivered to the customer.

23. Lease liabilities

	Group	
	2020	2019
	$'000	$'000
Lease liabilities – non-current	**2,829**	2,735
Lease liabilities – current	**509**	383
	3,338	3,118

The maturity analysis of lease liabilities is disclosed in Note 31.

Amounts recognised in profit or loss

	Group	
	2020	2019
	$'000	$'000
Interest expense on lease liabilities	**117**	105
Expense relating to short-term leases (Note 7)	**28**	175

24. Deferred tax liabilities

Deferred tax liabilities arise from the excess of tax over book depreciation of property, plant and equipment and temporary differences as right-of-use assets are depreciated and lease liabilities are repaid.

	Group
	$'000
Excess of tax over book depreciation	
At 1 January 2019	137
Adjustment due to adoption of SFRS(I) 16 (Note 35)	(111)
At 31 December 2019	26
Underprovision of deferred tax in prior year (Note 8)	111
Charged to profit or loss (Note 8)	47
At 31 December 2020	**184**

25. Share capital and treasury shares

	2020	2019	**2020**	2019
	Number of ordinary shares		**$'000**	$'000
Group and Company				
Issued and fully paid:				
At beginning and end of the year	**208,000,000**	208,000,000	**8,020**	8,020

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend as and when declared by the Company.

Treasury shares

	Group and Company			
	2020	2019	**2020**	2019
	Number of shares		**$'000**	$'000
Issued and paid up:				
At beginning of year	**–**	–	**–**	–
Repurchased during the year	**127,100**	–	**28**	–
At end of year	**127,100**	–	**28**	–

The Company acquired 127,100 of its own shares through purchases on SGX during the year. The total amount paid to acquire the shares was $28,000 and has been deducted from shareholders' equity.

26. Dividends

On 3 May 2019, a first and final one-tier tax exempt dividend of 0.8 cents per ordinary share and a special one-tier tax exempt dividend of 0.1 cents per ordinary share totaling $1,872,000 was paid to shareholders.

On 6 September 2019, an interim one-tier tax exempt dividend of 0.5 cents per ordinary share totaling $1,040,000 was paid to shareholders.

On 14 May 2020, final tax-exempt dividend of 0.5 cents per ordinary share and a special one-tier tax exempt dividend of 0.2 cents per ordinary share totalling approximately $1,456,000 was paid to shareholders.

26. Dividends (Continued)

On 7 September 2020, an interim tax-exempt dividend of 0.2 cents per ordinary share totalling approximately $416,000 was paid to shareholders.

In respective of the financial year ended 31 December 2020, directors of the Group proposed that a final one-tier tax exempt dividend of 0.7 cents per ordinary share be paid to all shareholders. Subject to the approval by the shareholders at the Annual General Meeting, this proposed dividend has not been included as a liability in these financial statements.

27. Operating lease commitments

Lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge of an annual basis based on prevailing market conditions.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 9 years. The Group did not identify any indications that this situation will change.

	Group	
	2020	2019
	$'000	$'000
Maturity analysis of operating lease payments:		
Year 1	**335**	260
Year 2	**149**	35
Total	**484**	295

During the year ended 31 December 2020, property rental income earned was $463,000 (2019: $484,000). The Group's investment properties were expected to generate rental yields of 3.5% (2019: 3.5%) on an ongoing basis. All of the properties held had committed tenants for the next one year. All operating lease contracts contained market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

28. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2020	2019
	$'000	$'000
Capital commitment	**–**	48

29. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, there was no significant transactions with related companies.

29. Significant related party transactions (Continued)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Short-term employee benefits	**2,766**	3,057	**130**	130
Post-employment benefits	**90**	91	**–**	–
	2,856	3,148	**130**	130

30. Segment information

For management purposes, the Group is currently organised into two main business activities. The business activities are the basis on which the Group reports to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The two main business activities are as follows:

(a) Distribution business; and

(b) Property investment business.

Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment to arrive at segment results.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and investment properties directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable, accruals, bank loans and finance leases.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

The measurement basis of the Group's reportable segments is in accordance with its accounting policy as described in Note 2.22.

30. **Segment information** (Continued)

Information about reportable segments

	Distribution business	Property investment business	Total
	$'000	$'000	$'000
2020			
Revenue			
External sales of goods	**52,248**	**–**	**52,248**
Rental income	**–**	**463**	**463**
Segment revenue	**52,248**	**463**	**52,711**
Cost of sales			
External purchases	**(36,859)**	**–**	**(36,859)**
Cost of property maintenance	**–**	**(402)**	**(402)**
Segment cost of sales	**(36,859)**	**(402)**	**(37,261)**
Results			
Segment result	**15,389**	**61**	**15,450**
Other operating income	**1,467**	**12**	**1,479**
Administrative and selling expenses	**(10,534)**	**(113)**	**(10,647)**
Other operating expenses	**(2,026)**	**(499)**	**(2,525)**
Finance costs	**(117)**	**–**	**(117)**
Profit/(Loss) before income tax	**4,179**	**(539)**	**3,640**
Income tax expense			**(684)**
Profit after income tax			**2,956**
2019			
Revenue			
External sales of goods	63,357	–	63,357
Rental income	–	484	484
Segment revenue	63,357	484	63,841
Cost of sales			
External purchases	(44,479)	–	(44,479)
Cost of property maintenance	–	(450)	(450)
Segment cost of sales	(44,479)	(450)	(44,929)
Results			
Segment result	18,878	34	18,912
Other operating income	374	–	374
Administrative and selling expenses	(11,450)	(26)	(11,476)
Other operating expenses	(1,532)	(26)	(1,558)
Finance costs	(105)	(8)	(113)
Profit/(Loss) before income tax	6,165	(26)	6,139
Income tax expense			(1,104)
Profit after income tax			5,035

30. Segment information (Continued)

Segment assets, liabilities and other information

	Distribution business	Property investment business	Total
	$'000	**$'000**	**$'000**
2020			
Assets			
Segment assets	**47,775**	**13,519**	**61,294**
Unallocated assets			**524**
Combined total assets			**61,818**
Liabilities			
Segment liabilities	**13,779**	**191**	**13,970**
Unallocated liabilities			**142**
Combined total liabilities			**14,112**
Other information			
Purchase of property, plant and equipment	**87**	**–**	**87**
Addition of right-of-use assets	**833**	**–**	**833**
Depreciation of property, plant and equipment	**622**	**–**	**622**
Depreciation of right-of-use assets	**587**	**–**	**587**
Depreciation of investment properties	**–**	**346**	**346**
Amortisation of club membership	**19**	**–**	**19**
Impairment loss of investment properties	**–**	**461**	**461**
Impairment loss of property, plant and equipment	**476**	**–**	**476**
2019			
Assets			
Segment assets	46,590	14,334	60,924
Unallocated assets			304
Combined total assets			61,228
Liabilities			
Segment liabilities	14,319	177	14,496
Unallocated liabilities			82
Combined total liabilities			14,578
Other information			
Purchase of property, plant and equipment	2,119	–	2,119
Addition of right-of-use assets	410	–	410
Depreciation of property, plant and equipment	624	–	624
Depreciation of right-of-use assets	455	–	455
Depreciation of investment properties	–	346	346
Amortisation of club membership	19	–	19

Geographical information

The Group operates in Singapore and hence no further disclosure is made on the geographical information.

Information about major customers

There is no major customer arising from sales by the respective segments.

31. Financial instruments and financial risks

The Group's activities expose it to credit risk, market risks (including foreign currency risk, equity price risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances and trade and other receivables. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/ and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	**Description**	**Basis of recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 1. Performing

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Doubtful

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. In default

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 11)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed through the age analysis, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the country and the growth rates of the major industries which its customers operate in.

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables are determined as follows:

	Not past due ($'000)	Past due for 0 to 30 days ($'000)	Past due for 31 to 90 days ($'000)	Past due more than 90 days ($'000)	Total ($'000)
31 December 2020					
Trade receivables identified to be credit impaired	–	–	17	667	684
Expected credit loss rates	0.05%	0.50%	1.00%	11.8%	–
Estimated gross carrying amount at default	3,971	721	2	74	4,768
Expected credit loss	2	4	*	8	14
Loss allowance	2	4	17	675	698
31 December 2019					
Trade receivables identified to be credit impaired	2	50	10	510	572
Expected credit loss rates	0.05%	0.50%	1.00%	11.8%	–
Estimated gross carrying amount at default	4,003	1,096	35	496	5,630
Expected credit loss	2	5	*	59	66
Loss allowance	4	55	10	569	638

* Denotes less than $1,000

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables (Note 11) (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables is as follows:

	Trade receivables	
	Note (i) $'000	Total $'000
Group		
Loss allowance		
Balance at 1 January 2019	451	451
Financial assets repaid	(10)	(10)
Impairment loss recognised	197	197
Balance at 31 December 2019	638	638
Financial assets repaid	(2)	(2)
Impairment loss recognised	62	62
Balance at 31 December 2020	698	698
Gross carrying amount		
At 31 December 2020	5,452	5,452
At 31 December 2019	6,202	6,202
Net carrying amount		
At 31 December 2020	4,754	4,754
At 31 December 2019	5,564	5,564

Note (i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

Other receivables (Note 12)

As of 31 December 2020, the Company recorded other receivables from subsidiaries of $17,082,000 (31 December 2019: $17,008,000) consequent to an extension of advances to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2020, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

As of 31 December 2020, the Group recorded other receivables, grant receivable and deposit from third parties of $346,000 (31 December 2019: $173,000). The Group assessed the latest performance and financial position of the respective debtors, adjusted for the future outlook of the industry which the debtors operate in, by referring to expert publications on the industry, and for any market talks on the debtors' credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group measured the loss allowance using 12-month ECL and determined that the ECL is insignificant.

31. Financial instruments and financial risks (Continued)

Market risks

Market risks are the risks that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar against the Singapore dollar.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in a currency other than the functional currency of each Group entity are as follows:

	Group			
	Assets		Liabilities	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
United States dollar	**543**	190	**49**	734

Foreign currency sensitivity analysis

The following table details the sensitivity to a 10% (2019: 10%) increase or decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% (2019: 10%) is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2019: 10%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss.

If the Singapore dollar were to strengthens by 10% (2019: 10%) against the United States dollar, profit or loss will increase or (decrease) by:

	Group	
	2020	2019
	$'000	$'000
United States dollar impact	**(49)**	54

31. Financial instruments and financial risks (Continued)

Market risks (Continued)

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss and equity arising from the effects of reasonably possible changes.

Equity price risk

The Group is exposed to equity risk arising from equity investments classified as financial assets at fair value through profit or loss.

Further details of these equity investments can be found in Note 13 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the financial year.

The sensitivity analysis assumes an instantaneous 10% change (2019: 10%) in the equity prices from the reporting date, with all variables held constant.

	Increase/(Decrease) Group Profit before income tax	
	2020 **$'000**	2019 $'000
Financial assets at fair value through profit or loss	**212**	–

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group's operations are financed mainly through equity and retained earnings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

Group	Effective interest rate	1 year or less	2 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Undiscounted financial assets					
Cash and cash equivalent	–	13,526	–	–	13,526
Trade receivables	–	4,754	–	–	4,754
Other receivables	–	346	–	–	346
As at 31 December 2020		18,626	–	–	18,626
Cash and cash equivalent	–	15,389	–	–	15,389
Trade receivables	–	5,564	–	–	5,564
Other receivables	–	142	31	–	173
As at 31 December 2019		21,095	31	–	21,126
Undiscounted financial liabilities					
Trade payables	–	8,003	–	–	8,003
Other payables and accruals	–	1,691	–	–	1,691
Lease liabilities	3.0%	609	993	3,220	4,822
As at 31 December 2020		10,303	993	3,220	14,516
Trade payables	–	8,061	–	–	8,061
Other payables and accruals	–	2,129	–	–	2,129
Lease liabilities	3.1%	477	800	3,421	4,698
As at 31 December 2019		10,667	800	3,421	14,888
Total undiscounted net financial assets/(liabilities)					
– at 31 December 2020		8,323	(993)	(3,220)	4,110
– at 31 December 2019		10,428	(769)	(3,421)	6,238

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Company	Effective interest rate	Repayable within 1 year
	%	$'000
Undiscounted financial assets		
Cash and cash equivalents	–	488
Trade receivables	–	3,773
Other receivables	–	17,105
As at 31 December 2020		21,366
Cash and cash equivalents	–	272
Trade receivables	–	473
Other receivables	–	17,013
As at 31 December 2019		17,758
Undiscounted financial liability		
Other payables and accruals	–	246
As at 31 December 2020		246
Other payables and accruals	–	63
As at 31 December 2019		63
Total undiscounted net financial assets		
– at 31 December 2020		21,120
– at 31 December 2019		17,695

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	Note	Group		Company	
		2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Financial assets at fair value through profit or loss					
Quoted equity instruments	13	**2,118**	–	**–**	–
Financial assets at amortised cost					
Cash and cash equivalents	10	**13,526**	15,389	**488**	272
Trade receivables	11	**4,754**	5,564	**3,773**	473
Other receivables	12	**346**	173	**17,105**	17,013
		18,626	21,126	**21,366**	17,758
Total		**20,744**	21,126	**21,366**	17,758
Financial liabilities at amortised cost					
Trade payables	20	**8,003**	8,061	**–**	–
Other payables and accruals	21	**1,691**	2,129	**246**	63
Lease liabilities	23	**3,338**	3,118	**–**	–
Total		**13,032**	13,308	**246**	63

32. Fair value of assets and liabilities

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments, except for those separately disclosed. Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

	Note	Group Level 1	
		2020 **$'000**	2019 $'000
Recurring fair value measurements			
Asset			
Financial asset:			
Financial assets at FVTPL			
– Quoted equity instruments	13	**2,118**	–

33. Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, retained earnings and reserves.

The management reviews the capital structure on an annual basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year. There is no externally imposed capital requirements.

34. Development of COVID-19 outbreak and its corresponding impact on the Group/Company

COVID-19 outbreak has brought about an unprecedented challenge for many entities, with increased uncertainty in the global economy. As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group´s business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Group in preparing the financial statement is inappropriate.

35. Initial application of SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- Requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- Does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease.*

(a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

35. Initial application of SFRS(I) 16 Leases (Continued)

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(i) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as an adjustment to the opening balance of retained earnings at the date of initial application, as if the Standard had been applied since the commencement date;

(ii) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of comprehensive income;

(iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows; and

(iv) Recognises deferred tax as depreciation of right-of-use assets on a straight-line basis exceeds the rate at which lease liabilities reduce (due to lease payments made less interest recognised under the effective interest method), resulting in a deductible temporary difference.

Lease incentives (eg. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets.* This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and lease of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of comprehensive income.

35. Initial application of SFRS(I) 16 Leases (Continued)

(b) Impact on lessee accounting (Continued)

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from 1 January 2019.

(c) Financial impact of initial application of SFRS(I) 16

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 3.01%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group $'000
	2019 $'000
Operating lease commitments at 31 December 2018	4,783
Less: Short-term leases and leases of low value assets	(124)
Less: Effect of discounting the above amounts	(1,616)
Add: Finance lease liabilities recognised under SFRS(I) 1-17 at 31 December 2018	250
Lease liabilities recognised at 1 January 2019	3,293

35. Initial application of SFRS(I) 16 Leases (Continued)

(d) Financial impact of initial application of SFRS(I) 16 (Continued)

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, except for the right-of-use assets for property leases which were measured on a retrospective basis as an adjustment to the opening balance of retained earnings at the date of initial application, as if the Standard had been applied since the commencement date. Consequently, right-of-use assets of $2,395,000 (Note 19) were recognised on 1 January 2019, deferred tax increased by $111,000 (Note 24) and the net impact on retained earnings of $537,000 was recognised on 1 January 2019.

On adoption of SFRS(I) 16, the Group recognises additional right-of-use assets and additional lease liabilities, recognising the differences in retained earnings. The impact on adoption of SFRS(I) 16 is summarised below:

	Group
	1 January 2019 $'000
Right-of-use assets (excluding amount reclassed from property, plant and equipment)	2,395
Lease liabilities (excluding amount reclassed from finance leases)	(3,043)
Cumulative impact of difference between right-of-use assets and lease liabilities upon adoption of SFRS(I) 16	(648)
Deferred tax impact on adoption of SFRS(I) 16 (Note 24)	111
Impact on retained earnings on adoption of SFRS(I)16 at 1 January 2019	(537)

In the previous financial year, property, plant and equipment previously held under finance lease applying SFRS(I) 1-17, which amounted to $242,000 (Note 15), have been reclassified to 'right-of-use assets' under SFRS(I) 16 at date of initial application.

SHAREHOLDING STATISTICS

AS AT 20 MARCH 2021

Number of issued shares	:	208,000,000
Number of Treasury Shares held	:	147,600
Number of issued shares (excluding treasury shares)	:	207,852,400
Number of Subsidiary Holdings held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share (no vote for treasury shares)

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 20 March 2021, 29.7% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	25	11.21	20,400	0.01
1,001 – 10,000	100	44.84	495,900	0.24
10,001 – 1,000,000	89	39.91	9,557,500	4.59
1,000,001 and above	9	4.04	197,926,200	95.16
	223	100.00	208,000,000	100.00

TOP 21 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	TL INVESTMENT HOLDINGS PTE LTD	131,040,000	63.04
2	LIM TECK SENG	14,560,000	7.00
3	UOB KAY HIAN PTE LTD	13,967,900	6.72
4	RAFFLES NOMINEES (PTE) LIMITED	9,864,500	4.75
5	KHWAJA ASIF RAHMAN	9,400,000	4.52
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	6,563,900	3.18
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,410,000	2.60
8	CITIBANK NOMINEES SINGAPORE PTE LTD	4,380,400	2.11
9	DBS NOMINEES PTE LTD	2,541,900	1.22
10	TAN YEOW SONG	1,000,000	0.48
11	FU LIN	756,800	0.36
12	D'OASIS PTE LTD	450,000	0.22
13	SIM CHENG HUAT	400,000	0.19
14	TAY SOK CHENG	260,000	0.13
15	TEO HAN KHENG (ZHANG HANQING)	250,000	0.12
16	GOH GUAT BEE (WU YUEMEI)	229,000	0.11
17	NG SHEAU LIAN	200,000	0.10
18	ONG KHENG KWANG	200,000	0.10
19	WONG YOKE MENG	200,000	0.10
20	CHAN HUANG CHAY	199,000	0.10
21	CHUA KAH BOEY	199,000	0.10
		202,072,400	97.25

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 20 March 2021, excluding 147,600 shares held as treasury shares as at that date.

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Shareholdings Registered in the Name of Substantial Shareholder		Shareholdings in which the Substantial Shareholders are Deemed to be Interested	
	No. of Shares	%	No. of Shares	%
TL Investment Holdings Pte. Ltd. (formerly known as Lim Trust Pte. Ltd.)	131,040,000	63.04	–	–
Mr Lim Teck Chuan(1)	–	–	131,040,000	63.04
Mr Lim Teck Seng(2)	14,560,000	7.00	260,000	0.13

Notes:–

(1) Mr Lim Teck Chuan holds 100% of the issued share capital of TL Investment Holdings Pte. Ltd.. Accordingly, Mr Lim Teck Chuan is deemed to be interested in all the shares held by TL Investment Holdings Pte. Ltd. by virtue of Section 7 of the Singapore Companies Act, Chapter 50.

(2) Mr Lim Teck Seng is deemed to be interested in the 260,000 shares held by his spouse, Mdm Tay Sok Cheng by virtue of Section 7 of the Singapore Companies Act, Chapter 50.

APPENDIX

APPENDIX DATED 13 APRIL 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

This Appendix is circulated to the Shareholders (as defined herein) of Choo Chiang Holdings Ltd. (the "**Company**") together with the Company's annual report for the financial year ended 31 December 2020 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-back Mandate (as defined herein) to be tabled at the AGM (as defined herein) of the Company to be held on Wednesday, 28 April 2021 at 11:00 a.m. by way of electronic means.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) observing and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolution to be tabled for approval in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM. Please refer to the Notice of AGM dated 13 April 2021 for further information, including the steps to be taken by Shareholders to participate at the AGM.

Due to the evolving COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the Company's website at the https://www.choochiang.com/investor-relations/#docs and SGXNet for the latest updates on the status of the AGM, if any.

The notice of AGM and the proxy form are enclosed with the Annual Report 2020.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the notice of AGM and the accompanying proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, together with the Annual Report, the notice of AGM and the accompanying proxy form, to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been reviewed by the Company's Sponsor, SAC Capital Private Limited ("**Sponsor**"). This Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

CHOO CHIANG

CHOO CHIANG HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201426379D)

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

APPENDIX

DEFINITIONS

In this Appendix, the following definitions apply throughout except where the context otherwise requires:

"2020 Adoption of Mandates AGM"	:	The Annual General Meeting of the Company convened on 30 April 2020 to seek Shareholders' approval for the adoption of the Share Buy-back Mandate.
"2020 Adoption of Mandates AGM Circular"	:	The circular dated 13 April 2020 issued by the Company in connection with the 2020 Adoption of Mandates AGM.
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The Annual General Meeting of the Company
"Appendix"	:	This Appendix to Shareholders dated 13 April 2021 in relation to the proposed renewal of the Share Buy-back Mandate
"Approval Date"	:	The date of the forthcoming AGM, being 28 April 2021, whereby the approval for the renewal of the Share Buy-back Mandate is sought
"Associate"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more, or such other definition as the Catalist Rules may from time to time prescribe
"associated company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group.
"Board"	:	The Board of Directors of the Company as at the date of this Appendix
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited

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"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	:	Choo Chiang Holdings Ltd.
"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlling Shareholder"	:	A person (including a corporation) who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over the Company
"Directors"	:	The directors of the Company as at the date of this Appendix
"EPS"	:	Earnings per Share
"FY"	:	Financial year of the Company ended or ending 31 December (as the case may be)
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	20 March 2021, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"Relevant Period"	:	The period commencing from the date on which the ordinary resolution relating to the proposed renewal of the Share Buy-back Mandate is passed in a general meeting and expiring on the earliest of (a) the date on which the next AGM is held or is required by law to be held, (b) the date on which the Share Buy-back are carried out to the full extent mandated, or (c) the date the Share Buy-back Mandate is revoked or varied by the Shareholders in a general meeting
"Securities Account"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

"**Share Buy-back(s)**"	:	The purchase or acquisition by the Company of its own issued and fully paid-up Shares
"**Share Buy-back Mandate**"	:	The proposed mandate given by the Shareholders to authorise the Directors to carry out Share Buy-backs, in accordance with the terms set out in this Appendix and in compliance with the rules and regulations set forth in the Companies Act and the Catalist Rules
"**Shareholders**"	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
"**Shares**"	:	Ordinary shares in the issued share capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**Substantial Shareholder**"	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total voting Shares
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
"**%**" or "**per cent.**"	:	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA or any statutory modification thereof, as the case may be.

The term "**subsidiary**" shall have the same meaning ascribed to it in Section 5 of the Companies Act. The term "**treasury shares**" shall have the same meaning ascribed to it in Section 4 of the Companies Act. The term "**subsidiary holdings**" is defined in the Catalist Rules to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and to dates in this Appendix shall be a reference to Singapore time and dates, respectively, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

APPENDIX

CHOO CHIANG HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201426379D)

Directors	**Registered Office**
Mr Lim Teck Chuan, Thomas *(Executive Chairman and CEO)*	10 Woodlands Loop
Mr Lim Teck Seng, Rocky *(Executive Director)*	Singapore 738388
Mr Lim Teck Chai, Danny *(Lead Independent Director)*	
Mr Sho Kian Hin, Eric *(Independent Director)*	
Mr Tan Soon Liang *(Independent Director)*	

13 April 2021

To: The Shareholders of Choo Chiang Holdings Ltd.

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1 The Directors propose to seek the approval of Shareholders at the forthcoming AGM to be held on Wednesday, 28 April 2021 at 11:00 a.m. by way of electronic means for the proposed renewal of the Share Buy-back Mandate.

1.2 The purpose of this Appendix is to provide Shareholders with information relating to, and to seek approval for the proposed renewal of the Share Buy-back Mandate.

1.3 This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if such purchase or acquisition is permitted under its constitution. Any purchase or acquisition of shares by the company would also have to be made in accordance with, and in the manner prescribed by, the Companies Act, its constitution and the Catalist Rules (in particular Part XI of Chapter 8 of the Catalist Rules which relates to Share Buy-backs) and such other laws and regulations as may for the time being be applicable. Regulation 70(2) of the Company's Constitution expressly permits the Company to carry out Share Buy-backs.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the approval of Shareholders is being sought at the forthcoming AGM for the renewal of the Share Buy-back Mandate.

At the 2020 Adoption of Mandates AGM, the Shareholders had approved the adoption of the Share Buy-back Mandate. The authority and limitations of the Share Buy-back Mandate were set out in 2020 Adoption of Mandates AGM Circular and the ordinary resolution in the notice of the 2020 Adoption of Mandates AGM dated 13 April 2020, respectively. The authority contained in the Share Buy-back Mandate adopted at the 2020 Renewal Mandates AGM was expressed to continue in force until the next annual general meeting of the Company and, as such, would be expiring on 28 April 2021, being the date of the forthcoming AGM. Accordingly, the Directors propose that the Share Buy-back Mandate be renewed at the forthcoming AGM.

If approved by Shareholders at the AGM, the authority conferred by the Share Buy-back Mandate will continue to be in force until the conclusion of the next AGM or the date by which such an AGM is required to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which the Share Buy-backs have been carried out to the full extent mandated or the date the Share Buy-back Mandate is varied or revoked by the Shareholders at a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

Subject to its continued relevance to the Company, the Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale for the Share Buy-back Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) The Share Buy-back Mandate will help to mitigate short-term price volatility (by way of stabilising the supply and demand of Shares) and offset the effects of short-term speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence.

(b) The Share Buy-back Mandate would provide the Company with the flexibility to conduct Share Buy-backs up to the 10% limit described in paragraph 2.3 (a) below at any time, during the period when the Share Buy-back Mandate is in force. This would allow the Board to better manage the capital structure, dividend payout and cash reserves of the Group.

(c) It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders.

(d) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. In addition to growth and expansion of the business, Share Buy-backs may be considered as one of the ways through which the return on equity of the Group may be enhanced.

(e) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes implemented by the Company.

Shareholders should note that Share Buy-backs will be made only when the Board considers it to be in the best interests of the Company and the Shareholders and in circumstances which will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3 Authority and limits of the Share Buy-back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-back Mandate are summarised below:

(a) **Maximum number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Share Buy-back Mandate is limited to such number of Shares representing not more than 10% of the total number of issued Shares of the Company as at Approval Date, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

For illustrative purposes, based on the existing issued and paid-up share capital of the Company comprising 207,852,400 Shares (excluding 147,600 treasury shares and Nil subsidiary holdings) as at the Latest Practicable Date, and assuming that (a) there are no changes made to the share capital of the Company on or prior to the forthcoming AGM, and (b) no further Shares are purchased and held as Treasury Shares, the purchase or acquisition by the Company of up to the Maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 20,785,240 Shares.

While the Share Buy-back Mandate would authorise Share Buy-backs up to 10% of the issued and paid-up Shares as at Approval Date, the Share Buy-backs may not be carried out to the full extent mandated to comply with the public float requirements in Rule 723 of the Catalist Rules or should the Share Buy-backs result in market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

(b) **Duration of authority**

Pursuant to the Share Buy-back Mandate, Share Buy-backs may be made during the Relevant Period, at any time and from time to time, from the Approval Date, up to the earliest of:

(i) the date on which the next AGM is held or required by law to be held;

(ii) the date on which the Share Buy-backs are carried out to the full extent mandated under the Share Buy-back Mandate; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Shareholders at a general meeting.

The Share Buy-back Mandate may be renewed at each AGM or any other general meeting of the Company.

(c) **Manner of Share Buy-backs**

Share Buy-backs under the Share Buy-back Mandate can be effected by the Company by way of:

(i) on-market purchases, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buy-back ("**Market Purchases**"); and/or

(ii) off-market purchases transacted otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act) ("**Off-Market Purchase**").

For Off-Market Purchase, the Directors may impose such terms and conditions, which are consistent with the Share Buy-back Mandate, the Companies Act, the Catalist Rules, the Constitution and other applicable laws and regulations in respect of an equal access scheme. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the Share Buy-backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:

(A) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;

(B) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and

(C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the Share Buy-back;

(iv) the consequences, if any, of the Share Buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the Share Buy-backs, if made, would have any effect on the listing of the Shares on the SGX-ST;

(vi) details of any Share Buy-backs made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and

(vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

(d) **Maximum price to be paid for the Shares**

The purchase price (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting Share Buy-backs under the Share Buy-back Mandate. However, the purchase price to be paid for the Shares for the Share Buy-backs must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

in either case, excluding related expenses of the Share Buy-back ("**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, immediately preceding the day on which the Market Purchase was made, or as the case may be, the Offer Date (as defined below) for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Day period; and

"**Offer Date**" means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares

Shares purchased or otherwise acquired by the Company under a Share Buy-back are deemed cancelled immediately on completion of the Share Buy-back (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates (where applicable) in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any such Share Buy-back.

2.5 Treasury shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) **Maximum holdings**

The total aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within 6 months beginning on the date on which the contravention occurs or such further periods as ACRA may allow.

(b) **Voting and other rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at general meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) **Disposal and cancellation**

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

2.6 Reporting requirements

(a) **Notification to the ACRA**

Within 30 days of the passing of a Shareholders' resolution to approve the proposed renewal of the Share Buy-back Mandate, the Company shall lodge a copy of such resolution with the ACRA.

The Company shall also lodge with ACRA a notice of the Share Buy-back, within 30 days of such purchase or acquisition. Such notification shall include, inter alia, the date of the Share Buy-back, the total number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the Company's issued share capital before and after the Share Buy-backs, the amount of consideration paid for the Share Buy-backs and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed from time to time.

In addition, within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA a notice of cancellation or disposal of treasury shares with such information as may be prescribed from time to time.

(b) **Notification to the SGX-ST**

Rule 871 of the Catalist Rules specifies that a listed company must make an announcement on SGXNET of all purchases or acquisitions of its shares no later than 9.00 a.m.:

(i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

(ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer.

Such announcement shall include, inter alia, the maximum number of Shares authorised for purchase or acquisition, the date of the Share Buy-backs, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the purchase price per Share or (in the case of Market Purchases) the highest price and lowest price per Share, the total consideration paid for the Shares, the number of issued Shares after purchase or acquisition and such other information as may be prescribed from time to time. The announcement must be in the form of Appendix 8D prescribed by the Catalist Rules.

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include the date of usage, the purpose of usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares before and after the usage, the value of the treasury shares comprised in the usage and such other information as may be prescribed from time to time.

2.7 Sources of funds

In purchasing Shares under the Share Buy-back Mandate, the Company may only apply funds legally available for Share Buy-backs as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, Share Buy-backs may be made out of the Company's distributable profits or capital so long as the Company is solvent. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

Pursuant to Section 76F(4) of the Companies Act, a company is "**solvent**" if, at the date of payment for the relevant Share Buy-back, the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if,

(i) it is intended to commence the winding up of the company within the period of 12 months immediately after the date of payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's Share Buy-backs pursuant to the Share Buy-back Mandate. The Directors do not propose to exercise the Share Buy-back Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

2.8 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-back Mandate on the NAV and EPS of the Company and the Group as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Share Buy-back scenarios discussed below in this Section 2.8 are for illustrative purposes only and under the following assumptions:

(a) The Share Buy-back Mandate has been effective from 1 January 2020;

(b) Based on 207,852,400 Shares (excluding 147,600 treasury shares and Nil subsidiary holdings) in issue as at the Latest Practicable Date and assuming no change in share capital on or prior to Approval Date, the Company carried out Share Buy-backs in respect of 20,785,240 Shares (representing 10% of the total number of Shares);

(c) **In the case of Market Purchases by the Company**, assuming that the Company purchases or acquires 20,785,240 Shares at the Maximum Price of $0.240 for each Share (being the price equivalent to 105% of the Average Closing Price immediately preceding the Latest Practicable Date), the maximum amount of funds required is approximately $4,988,000.

In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires 20,785,240 Shares at the Maximum Price of $0.275 for each Share (being the price equivalent to 120% of the Average Closing Price immediately preceding the Latest Practicable Date), the maximum amount of funds required is approximately $5,715,000;

(d) The Share Buy-backs are funded entirely by internal resources; and

(e) Transaction costs incurred for the Share Buy-backs are assumed to be insignificant and have been disregarded for the purpose of computing the financial effects.

For illustrative purposes only, and based on the assumptions set out above, the financial effects of (i) Share Buy-backs of 20,785,240 Shares by the Company made entirely out of capital and the purchased shares are held in treasury; and (ii) Share Buy-backs of 20,785,240 Shares by the Company made entirely out of capital and the purchased shares are cancelled on the audited consolidated financial statements of the Company and the Group for FY2020 are set out below:

Scenario 1 – Purchases made entirely out of capital and held as treasury shares

(i) **Market Purchases**

As at 31 December 2020	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	8,020	8,020	8,020
Accumulated profits	39,714	39,714	15,333	15,333
Treasury shares	(28)	(5,016)	(28)	(5,016)
Equity attributable to owners of the Company	47,706	42,718	23,325	18,337
NAV[1]	47,706	42,718	23,325	18,337
Cash and cash equivalents	13,526	8,538	488	488[2]
Current Assets	38,021	33,033	21,378	21,378
Current Liabilities	11,099	11,099	291	5,279
Working capital	26,922	21,934	21,087	16,099
Total borrowings	–	–	–	4,988
Profit attributable to owners of the Company	2,956	2,956	5,292	5,292
Number of Shares	207,852,400	187,067,160	207,852,400	187,067,160
Financial Ratios				
NAV per Share (cents)[2]	22.95	22.84	11.22	9.80
Current Ratio (times)[3]	3.43	2.98	73.46	4.05
Basic EPS (cents)[5]	1.42	1.58	2.55	2.83

(ii) **Off-Market Purchases**

As at 31 December 2020	Before Share Buy-back Group	After Share Buy-back	Before Share Buy-back Company	After Share Buy-back
	$'000	$'000	$'000	$'000
Share capital	8,020	8,020	8,020	8,020
Accumulated profits	39,714	39,714	15,333	15,333
Treasury shares	(28)	(5,743)	(28)	(5,743)
Equity attributable to owners of the Company	47,706	41,991	23,325	17,610
NAV[1]	47,706	41,991	23,325	17,610
Cash and cash equivalents	13,526	7,811	488	488[2]
Current Assets	38,021	32,306	21,378	21,378
Current Liabilities	11,099	11,099	291	6,006
Working capital	26,922	21,207	21,087	15,372
Total borrowings	–	–	–	5,715
Profit attributable to owners of the Company	2,956	2,956	5,292	5,292
Number of Shares	207,852,400	187,067,160	207,852,400	187,067,160
Financial Ratios				
NAV per Share (cents)[3]	22.95	22.45	11.22	9.41
Current Ratio (times)[4]	3.43	2.91	73.46	3.56
Basic EPS (cents)[5]	1.42	1.58	2.55	2.83

Scenario 2 – Purchases made out of capital and cancelled

(i) **Market Purchases**

As at 31 December 2020	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	3,004	8,020	3,004
Accumulated profits	39,714	39,714	15,333	15,333
Treasury shares	(28)	–	(28)	–
Equity attributable to owners of the Company	47,706	42,718	23,325	18,337
NAV(1)	47,706	42,718	23,325	18,337
Cash and cash equivalents	13,526	8,538	488	488(2)
Current Assets	38,021	33,033	21,378	21,378
Current Liabilities	11,099	11,099	291	5,279
Working capital	26,922	21,934	21,087	16,099
Total borrowings	–	–	–	4,988
Profit attributable to owners of the Company	2,956	2,956	5,292	5,292
Number of Shares	207,852,400	187,067,160	207,852,400	187,067,160
Financial Ratios				
NAV per Share (cents)(3)	22.95	22.84	11.22	9.80
Current Ratio (times)(4)	3.43	2.98	73.46	4.05
Basic EPS (cents)(5)	1.42	1.58	2.55	2.83

(ii) **Off-Market Purchases**

As at 31 December 2020	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	2,277	8,020	2,277
Accumulated profits	39,714	39,714	15,333	15,333
Treasury shares	(28)	–	(28)	–
Equity attributable to owners of the Company	47,706	41,991	23,325	17,610
NAV[1]	47,706	41,991	23,325	17,610
Cash and cash equivalents	13,526	7,811	488	488[2]
Current Assets	38,021	32,306	21,378	21,378
Current Liabilities	11,099	11,099	291	6,006
Working capital	26,922	21,207	21,087	15,372
Total borrowings	–	–	–	5,715
Profit attributable to owners of the Company	2,956	2,956	5,292	5,292
Number of Shares	207,852,400	187,067,160	207,852,400	187,067,160
Financial Ratios				
NAV per Share (cents)[3]	22.95	22.45	11.22	9.41
Current Ratio (times)[4]	3.43	2.91	73.46	3.56
Basic EPS (cents)[5]	1.42	1.58	2.55	2.83

Notes:

(1) NAV represents total assets less total liabilities.

(2) The Company will procure loans from its subsidiaries of an amount sufficient to finance the Share Buy-backs being S$4.988 million for Market Purchases and S$5.695 million for Off-Market Purchases.

(3) NAV per Share is computed based on NAV divided by the number of Shares in issue.

(4) Current ratio equals current assets divided by current liabilities.

(5) Basic EPS is computed based on profit attributable to owners of the Company divided by the number of Shares in issue.

Shareholders should note that the financial effects set out above are based on certain assumptions and are purely for illustrative purposes only. In particular, it is important to note that the above illustration is based on the audited consolidated financial statements of the Company and the Group for FY2020, and is not necessarily representative of the future financial performance of the Company or the Group.

The Board will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buy-back before execution. Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

2.9 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any Share Buy-backs are set out below.

(a) **Obligations to make a take-over offer**

If, as a result of any Share Buy-back, a Shareholder's proportionate interest in the voting capital of the Company and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a mandatory take-over offer under Rule 14 of the Take-over Code, unless the conditions for exemption pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code are satisfied.

(b) **Persons acting in concert**

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, inter alia, the following individuals and companies to be persons acting in concert with each other:

(i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any companies whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, will incur an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

(c) **Effect of Rule 14 and Appendix 2 of the Take-over Code**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code, a Director and his concert parties will incur an obligation to make a mandatory take-over offer under Rule 14 if, as a result of the Company carrying out a Share Buy-back, the voting rights of such Director and his concert parties would increase to 30% or more, or in the event that such Director and his concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Director and his concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Shareholder and his concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Buy-back Mandate.

(d) **Application of the Take-over Code**

Details of the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date are set out in Section 3 below.

As at the Latest Practicable Date, Mr Lim Teck Chuan our Executive Chairman and Chief Executive Officer holds 63.04% of the issued and paid-up share capital of the Company while Mr Lim Teck Seng, our Executive Director holds 7.13% of the issued and paid-up share capital of the Company (collectively, the "**Relevant Shareholders**"). Mr Lim Teck Chuan and Mr Lim Teck Seng are brothers and hence are presumed to be parties acting in concert in relation to their interests in the Company.

As the Relevant Shareholders hold more than 50.0% of the voting rights in the Company, the Relevant Shareholders and parties acting in concert with them are not expected to incur an obligation to make a mandatory take-over offer for the Shares under Rule 14.1 of the Take-over Code as a result of the Company buying back its Shares under the Share Buy-back Mandate.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Singapore Securities Industry Council and/or their professional advisers at the earliest opportunity.

APPENDIX

2.10 Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of purchase or acquisition of Shares by the Company or who may be subject to tax, whether in or outside Singapore, should consult their professional advisers.

2.11 Catalist Rules

(a) While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, because the listed company would be regarded as an "**insider**" in relation to any purchase or acquisition of its issued shares, the Company will not undertake Share Buy-backs at any time after any matter or development of a price-sensitive or trade-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive or trade-sensitive information has been publicly announced. Further, in line with the best practices on dealing with securities stipulated in the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period commencing one month immediately preceding the announcement of the Company's half-year or full-year results.

(b) The Company does not have any individual shareholding limit or foreign shareholding limit. Rule 723 of the the Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed must be held by public Shareholders. Where such percentage falls below 10%, the SGX-ST may at any time suspend trading of the shares of the listed company. The term "**public**", as defined under the Catalist Rules, are persons other than (i) the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholder of the Company and its subsidiaries; and (ii) Associates of the persons in (i).

As at the Latest Practicable Date, approximately 61,742,400 Shares, representing 29.70% of the total number of issued Shares are held by public Shareholders. **For illustrative purposes only**, assuming the Company exercises the Share Buy-back Mandate in full and purchases 10% of the total number of issued Shares through Market Purchases from the public, the public float would be reduced to approximately 40,975,160 Shares, representing approximately 19.70% of the total number of issued Shares.

The Directors will use their best efforts to ensure that the Company does not effect Share Buy-backs if it would result in the number of issued Shares remaining in the hands of the public falling below 10% of the total number of issued Shares, thereby affecting the listing status of the Company. Before deciding to effect a Share Buy-back, the Directors will ensure that, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

2.12 Share Buy-backs in the previous 12 months

The following are details of purchases or acquisitions of Shares made by the Company during the period from the date of 2020 Adoption of Mandates AGM, to the Latest Practicable Date.

Date of purchase	Number of Shares purchased	Highest price paid per Share	Lowest price paid per Share	Total consideration paid
		S$	S$	S$
02 July 2020	9,000	0.210	0.210	1,890.00
17 August 2020	46,800	0.210	0.210	9,861.50
07 September 2020	500	0.210	0.210	132.17
28 September 2020	5,000	0.215	0.215	1,102.58
14 October 2020	10,000	0.215	0.215	2,178.04
11 November 2020	5,800	0.220	0.220	1,303.67
20 November 2020	30,000	0.220	0.220	6,629.96
25 November 2020	20,000	0.225	0.225	4,529.05
18 January 2021	500	0.230	0.230	141.80
10 March 2021	20,000	0.240	0.240	4,828.80
Total	**147,600**			**32,597.57**

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the issued share capital of the Company, as recorded in the register of Directors' shareholdings and the register of Substantial Shareholders of the Company respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
Directors				
Mr Lim Teck Chuan, Thomas(2)	–	–	131,040,000	63.04
Mr Lim Teck Seng, Rocky(3)	14,560,000	7.00	260,000	0.13
Mr Lim Teck Chai, Danny	–	–	130,000	0.06
Substantial Shareholders				
TL Investment Holdings Pte. Ltd.	131,040,000	63.04	–	–

Notes:

(1) Based on the total number of issued shares of the Company (excluding Treasury Shares) as at the Latest Practicable Date.

(2) Mr Lim Teck Chuan holds 100% of the issued share capital of TL Investment Holdings Pte. Ltd.. Accordingly, Mr Lim Teck Chuan is deemed to be interested in all the shares held by TL Investment Holdings Pte. Ltd. in the Company by virtue of Section 7 of the Companies Act, Chapter 50.

(3) Mr Lim Teck Seng is deemed to be interested in the 260,000 shares held by his spouse, Tay Sok Cheng by virtue of Section 7 of the Singapore Companies Act, Chapter 50.

Save for their respective shareholding interests in the Company, none of the Directors and to the best of the Directors' knowledge, none of the Substantial Shareholders has any direct or indirect interest in the proposed renewal of the Share Buy-back Mandate.

4. DIRECTORS' RECOMMENDATION

After having considered the rationale and the information relating to the proposed renewal of the Share Buy-back Mandate, the Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the proposed renewal of the Share Buy-back Mandate as set out in the notice of AGM.

APPENDIX

5. ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder who is unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on his behalf must complete, sign and return the proxy form attached to the Company's annual report for FY2020 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 10 Woodlands Loop Singapore 738388, not less than 48 hours before the time appointed for holding the AGM.

The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for holding the AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 10 Woodlands Loop Singapore 738388, during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Company's Constitution; and

(b) the Annual Report of the Company for FY2020.

Yours faithfully

For and on behalf of the Board of Directors of
Choo Chiang Holdings Ltd.

Lim Teck Chuan, Thomas
Executive Chairman and Chief Executive Officer

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **Choo Chiang Holdings Ltd.** (the "**Company**") will be held by way of electronic means on Wednesday, 28 April 2021 at 11.00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon.
(Resolution 1)

2. To declare a final tax exempt one-tier dividend of 0.7 Singapore cents per ordinary share (2019: 0.5 Singapore cents per ordinary share) for the financial year ended 31 December 2020.
(Resolution 2)

3. To re-elect Mr Lim Teck Chuan, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as a Director of the Company.
(Resolution 3)

4. To re-elect Mr Sho Kian Hin, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as a Director of the Company.

   [See Explanatory Note (i)] **(Resolution 4)**

5. To approve the sum of S$130,000.00 as Directors' fees for the financial year ending 31 December 2021 and the payment thereof on a half yearly basis. (2020: S$130,000.00)
(Resolution 5)

6. To re-appoint Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

7. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. **Authority to allot and issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the Constitution of the Company (the "**Constitution**"), authority be and is hereby given to the Directors to (i) allot and issue new ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and/or (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

   (a) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

   (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) and Instruments that may be issued under sub-paragraph (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution, after adjusting for: (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new Shares arising from exercising of any share options or vesting of share awards outstanding and/or subsisting at the time of passing of this resolution provided that such share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

       Adjustments in accordance with (i) and (ii) are only made in respect of new shares arising from convertible securities, share options or share awards which were issued outstanding or subsisting at the time of passing this resolution.

   (c) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

   (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

       [See Explanatory Note (ii)] **(Resolution 7)**

9. **Authority to grant awards and issue shares pursuant to the Choo Chiang Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the rules of the Choo Chiang Performance Share Plan (the "**PSP**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (1) the number of Shares issued and issuable and/or transferred or transferable in respect of all awards granted thereunder; and (2) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed fifteen percent (15%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of award and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

10. **Renewal of the Share Buy-Back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for such purpose (the "**On-Market Share Buy-Back**") and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules (the "**Off-Market Share Buy-Back**"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date by which the next annual general meeting of the Company is required by law to be held;

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the shareholders of the Company in a general meeting; or

(iv) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

(the "**Relevant Period**");

(c) in this resolution:

"**Maximum Limit**" means the number of Shares representing ten per cent (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Market Price of the Shares; and

(ii) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Market Price of the Shares,

where:

"**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases are made; and

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting at which the proposed renewal of the Share Buy-Back Mandate is approved, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, or until it is varied or revoked by the Company in general meeting, after the date of the passing of this resolution.

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and

(e) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (iv)] **(Resolution 9)**

By Order of The Board

Sharon Yeoh
Morland Fu
Company Secretaries
Singapore, 13 April 2021

Explanatory Notes on Ordinary Resolutions to be passed:

(i) Mr Sho Kian Hin, if re-elected, will remain as the Company's Independent Director and the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. The Board considers Mr Sho Kian Hin to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Ordinary Resolution 7, if passed, will empower the Directors (from the date of this Annual General Meeting until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier) to allot and issue Shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares issued other than on a pro rata basis to existing shareholders of the Company, shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(iii) Ordinary Resolution 8, if passed, will empower the Directors (from the date of this Annual General Meeting until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier) to offer and grant Awards under the PSP, and to allot and issue Shares pursuant to the vesting of Awards granted under the PSP, provided that the aggregate number of Shares issued and issuable pursuant to the PSP, when added to (1) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (2) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or Awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed fifteen percent (15%) of the total number of issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of Award and from time to time.

(iv) Ordinary Resolution 9, if passed, will empower the Directors during the Relevant Period, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed by Shareholders for the Share Buy-back Mandate on the terms of the Share Buy-back Mandate as set out in the Annexure. The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share-Buy Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. In view of the circuit breaker measures applicable as of the date of this Notice up to 1 June 2020 and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the Annual General Meeting ("**the Meeting or AGM**") of the Company will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on SGXNet.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream ("**Live AGM Webcast**")), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "Instructions to Shareholders for AGM 2020".

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. The live webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. Investors whose shares are held with relevant intermediaries under Section 181(1C) of the Companies Act, Chapter 50, such as CPF and Supplementary Retirement Scheme ("**SRS**"), who wish to appoint the Chairman of the Meeting as proxy, should approach their respective intermediaries such as CPF Agent Banks or SRS Operators.

6. The Proxy Form must be submitted through any one of the following means: (a) by depositing a physical copy at the registered office of the Company's at No. 10 Woodlands Loop, Singapore 738388 or (b) by sending a scanned PDF copy by email to agm@choochiang.com, in each case, not less than 48 hours before the time fix for holding the Meeting, and failing which, the Proxy Form will not be treated as valid. **In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.** Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members are advised to check the announcement on SGXNet for the latest updates on the status of the AGM.

7. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting which was delivered by a member to the Company before 11.00 a.m. on 26 April 2021(being not less than 48 hours before the time appointed for holding the AGM) (or at any adjournment thereof) as a valid instrument appointing the Chairman of the Meeting as the member's proxy to attend, speak and vote at the Meeting if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment.

8. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman of the Meeting as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTE
SHAREHOLDERS MUST NOTE THE FOLLOWING IN RELATION TO THE AGM.

I. REGISTRATION

(A) Shareholders are entitled to watch the AGM proceedings via your mobile phones, tablets or computers.

Shareholders are required to pre-register their participation in the AGM by sending the following details:

(i) Full name (as per CDP/SRS account records);

(ii) NRIC/Passport No./Company Registration No.; and

(iii) Contact number and address;

to agm@choochiang.com by no later than 11.00 a.m. on 26 April 2021 ("**Registration Deadline**") for verification of their status as shareholders (or corporate representatives of such shareholders ("**Pre-registration"**)).

(B) Following the verification, authenticated Shareholders will receive an email by 26 April 2021 containing instructions to access the Live AGM Webcast.

Shareholders must not forward the unique link to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

Shareholders who register by the Registration Deadline but do not receive an email response by 26 April 2021 may contact the Company for assistance at (65) 6586 8101 or email us at agm@choochiang.com.

II. VOTING BY PROXY

(A) Shareholders who wish to vote at the AGM must submit the Proxy Form to appoint the Chairman of the AGM to cast votes on your behalf.

(B) The Proxy Form must be submitted by:

(i) physical mail to the Company's registered office at 10 Woodlands Loop, Singapore 738388; or

(ii) electronic mail to agm@choochiang.com,

by no later than the Registration Deadline, being 48 hours before the time fixed for the AGM.

Shareholders who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or sending it by email to the email address provided above.

(C) CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 April 2021.

In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

III. QUESTIONS

(A) Shareholders will not be able to ask questions during the Live AGM Webcast, therefore it is important for shareholders to register and submit their questions in advance of the AGM. Shareholders must submit your questions related to the AGM via email to our Investor Relations team at ir@choochiang.com by the Registration Deadline.

(B) The Company will address the substantial questions raised during the Live AGM Webcast.

(C) The responses to such questions from Shareholders will also be posted on the SGXNet and the Company's website within 1 month from the date of the AGM.

IV. DOCUMENTS

(A) The Circular, Notice of AGM and accompanying proxy form will be sent to Shareholders solely by electronic means via publication on our corporate website and will also be made available on the SGX website. Printed copies of these documents will not be sent to Shareholders.

Please refer to the SGX website at the URL https://https://www.sgx.com/securities/company-announcements and the Company's website at https://www.choochiang.com/investor-relations/#docs for the (i) Circular, (ii) Notice of the AGM, and (iii) proxy form.

(B) Minutes of the AGM will be provided within one month after the AGM on SGXNet and Company's website at https://www.choochiang.com/investor-relations/#docs.

Important reminder: The Company would remind Shareholders that, with the evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the Company and SGX website for updates on the AGM.

CHOO CHIANG HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201426379D)

IMPORTANT
1. Please read the notes to the Proxy Form.

PROXY FORM

I/We ____ NRIC/Passport/Co.Registration No. __________________

of ____

being a member/members of CHOO CHIANG HOLDINGS LTD. (the "Company"), hereby appoint the Chairman of the annual general meeting of the Company ("AGM" or "Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting, to be held by electronic means on Wednesday, 28 April 2021 at 11.00 a.m. and at any adjournment thereof.

No.	Resolutions Relating To:	Number of Votes		
		For*	Against*	Abstain*
	AS ORDINARY BUSINESS			
1	Adoption of Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon			
2	Payment of proposed final tax exempt one-tier dividend of 0.7 Singapore cents per ordinary share for the financial year ended 31 December 2020			
3	Re-election of Mr Lim Teck Chuan as a Director			
4	Re-election of Mr Sho Kian Hin as a Director			
5	Approval of Directors' fees of S$130,000 for the financial year ending 31 December 2021 (2020: S$130,000)			
6	Re-appointment of Mazars LLP as auditors			
	AS SPECIAL BUSINESS			
7	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act			
8	Authority to grant awards and issue shares pursuant to the Choo Chiang Performance Share Plan			
9	Renewal of the Share Buy-Back Mandate			

* *If you wish to exercise all your votes, please indicate your vote "For" or "Against" or "Abstain" with a "√" within the boxes provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number "Abstain" in the boxes provided for the resolutions.*

Dated this _______ day of __________________ 2021

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the register of Shareholders of our Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the register of Shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The proxy form may be accessed on SGXNet.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. This instrument appointing the Chairman of the Meeting as proxy must:

   (a) if sent personally or by post, be lodged at the registered office of the Company at No. 10 Woodlands Loop, Singapore 738388; or

   (b) if submitted by email, please email to agm@choochiang.com,

   in either case, by 11.00 a.m. on 26 April 2021 (being not less than 48 hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

5. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Cap. 50, who is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   Investors whose shares are held with relevant intermediaries including CPF and SRS investors, who wish to appoint the Chairman of the Meeting as proxy, should approach their respective intermediaries such as SRS Operators to submit their voting instructions at least seven (7) working days prior to the date of the AGM.

6. The instrument appointing the Chairman of the Meeting must be under the hand of the appointor or of his attorney duly authorised in writing or where it is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy/(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2021.

CHOO CHIANG

10 Woodlands Loop Singapore 738388
T 65 6368 5922
https://www.choochiang.com/