Choo Chiang Holdings Ltd
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Company Reg. No. 201426379D
GST Reg. No. 201426379D

RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2023

Choo Chiang Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") has received questions from shareholders, to which it provides its responses below.

Q1 (i) How much cash does the Company require for its daily operational needs.

(ii) How much excess cash does the Company currently have that is over its operational needs.

(iii) What is the current allocation of its current cash holdings with regards to expansion plans vs prudent cash holdings etc.

Company's response

The Company's operating cash flows are healthy, as evidenced by the Company's cash flow statement for financial year ended 31 December 2022 ("**FY2022**"), that shows positive cash flows generated from operating activities were S$8,664,000 (2021: S$9,732,000).

The Company has adopted a dividend policy for the FY2022 and financial year ending 31 December 2023 ("**FY2023**"). Under this policy, the Company intends to recommend an annual dividend of at least 50% of the Company's net profit attributable to shareholders for each financial year, subject to the financial performance of the Group. The dividend policy has taken into account various factors, *inter alia*, the objective of maximising shareholder value, the availability of cash, financial performance, projected capital expenditure, and growth opportunities.

The Company had, on 26 August 2022, paid an interim dividend of 1.00 Singapore cents. Together with the proposed final cash dividend of 1.2 Singapore cents (FY2021: 1.3 cents), the total dividends declared for FY2022 would amount to approximately $4.569 million (FY2021: $4.157 million), representing approximately 50.7% (FY2021: 48.5%) of the Group's consolidated net profits attributable to shareholders. Based on our FY2022 cash flows generated from operating activities, 55% (2021: 30%) of the cash flows was allocated towards dividend payments. Barring any unforeseen circumstances, the remaining cash flows and cash flows to be generated will be sufficient for the Company's operating expenses.

While the Company's financial position is healthy, we are cognisant of being prudent in our cash management to address any unexpected macro or industrial challenges. Accordingly, both the Board of Directors (the "**Board**") and management is mindful of the need to maintain the Group's healthy cash reserves and remain versatile in an ever-changing environment. While balancing the need of working capital sufficiency, the Company's cash reserve is healthy and it allows the Company to act on growth opportunities and potential acquisitions. Other potential utilisation of the cash reserve would include implementation of operating systems and technological investment for business efficiency in order to respond to challenges that may arise from time to time.

CHOO CHIANG

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SINGAPORE QUALITY CLASS

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Q2 Given the current interest rate environment and the need to balance the interests of minority shareholders while maximising value from investing in and supporting the company over time, is the management contemplating distributing surplus cash to shareholders in the form of special dividends?

Company's response

As per the Company's dividend policy for FY2022 and FY2023, the Company intends to recommend an annual dividend of at least 50% of the Company's net profit attributable to shareholders for each financial year, subject to the financial performance of the Group.

While the Company is committed to maximising value for its shareholders, it also recognises the need to maintain a healthy cash reserve to respond to unforeseeable circumstances and invest in future growth opportunities. The Company's Board of Directors will continue to review the dividend policy and evaluate the appropriate balance between returning value to its shareholders and investment for sustaining growth and driving our strategic transformation, while aiming for an efficient capital structure. The Company is of the view that the current dividend policy is sufficient to provide consistent and sustainable ordinary dividend payments to our shareholders. Hence, at this point, there are no plans to distribute surplus cash in the form of special dividends.

Q3 What have the Company looked at or considered in regards to the liquidity of the company shares?

Company's response

The Company has been focused on improving on our overall performance and financial position. By improving on these fundamentals, we believe that this would create value for our shareholders attract investors of similar mindsets and improved liquidity. We would like to add that liquidity of the Company's shares is market-driven and largely dependent on a willing-buyer, willing-seller basis and a variety of factors, including market conditions, global economic and industry trends, and etc.

Q4 As share buybacks are a tool of unlocking shareholder's value, signalling to the market that the company is undervalued etc, it is noticeable that the Company does its share buybacks not on a daily basis but on a random basis. In addition, with no basic floor price but rather random prices with random volume with "buy up" in the market on 27th May 2022 with 46,000 shares purchased. However, recently with market prices lower than 37 cents, the management did not conduct any share buybacks.

(i) Can the management share further on its share buyback policy?

(ii) Does the company cancel or keep the shares as treasury shares and why?

Company's response

(i) Under the Company's Proposed Renewal of the Share Buy-back Mandate it has been indicated 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. In addition, the Board and management 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. Such executions are subject to the 10% of total issued shares limit, average closing price over the preceding 5 market days limit and cannot be undertaken at any time after any matter or development of a price-sensitive or trade-sensitive nature or one (1) month immediately preceding the announcement of the Company's half-year or full-year results, in accordance with the Catalist Rules. For more details, please refer to Company's Proposed Renewal of the Share

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Buy-back Mandate that is appended as an Appendix with the Company's annual report for FY2022.

(ii) As highlighted in paragraph 2.2 of the Appendix in relation to the Proposed Renewal of the Share Buy-back Mandate, while a share buyback is undertaken to (i) mitigate short-term price volatility; (ii) return cash surplus to its Shareholders taking into account its growth and cash reserves of the Group; or (iii) enhance the return on equity of the Group, the Company intends to keep the shares as treasury shares which may be transferred for the purposes of or pursuant to employees' share schemes.

BY ORDER OF THE BOARD

Lim Teck Chuan
Executive Chairman and Chief Executive Officer

21 April 2023

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr David Yeong, at 1 Robinson Road #21-00 AIA Tower Singapore 048542, Telephone: +65 6232 3210.
