



Invitation in respect of 33,280,000
Invitation Shares as follows:

- (a) 1,000,000 Offer Shares at S\$0.35 each by way of public offer; and
- (b) 32,280,000 Placement Shares at S\$0.35 each by way of placement,
payable in full on application.

CHOO CHIANG HOLDINGS LTD.

(Company Registration No.: 201426379D)
(Incorporated in the Republic of Singapore on 5 September 2014)

OFFER DOCUMENT DATED 15 JULY 2015

(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 15 July 2015)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).

CIMB Bank Berhad, Singapore Branch (the “Sponsor”) has made an application to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in, and for quotation of, all the ordinary shares (the “Shares”) in the capital of Choo Chiang Holdings Ltd. (the “Company”) already issued and the new Shares which may be issued from time to time under the Performance Share Plan (as defined herein) (the “Performance Shares”) on Catalist. Our shareholders, Lim Trust Pte. Ltd. and Rhodus Capital Limited (together, the “Vendors”), are making an offering of 33,280,000 Shares (the “Invitation Shares”) which are the subject of the Invitation (as defined herein). Acceptance of applications for the Invitation Shares will be conditional upon the listing and quotation of all our existing issued Shares and the Performance Shares. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This offer of Invitation Shares is made in or accompanied by an offer document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the “Authority”).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares being offered for investment. The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST’s listing rules, have been complied with.

We have not lodged or registered this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section entitled “RISK FACTORS” of this Offer Document.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Sponsor and Issue Manager



CIMB Bank Berhad (13491-P)
Singapore Branch
(Incorporated in Malaysia)

Underwriter and Placement Agent



CIMB Securities (Singapore) Pte. Ltd.
(Company Registration No.: 198701621D)
(Incorporated in the Republic of Singapore)

INVESTMENT HIGHLIGHTS

WIDE RETAIL NETWORK

WITH 9 STRATEGICALLY
LOCATED RETAIL
BRANCHES ACROSS
SINGAPORE



A committed and
**EXPERIENCED
MANAGEMENT
TEAM**

DIVIDEND POLICY
We intend to recommend
and distribute dividends of
**NOT LESS THAN
30%
OF OUR NET PROFITS**
attributable to our Shareholders
in each of FY2015 and FY2016⁽¹⁾

Track record
of over
**20
YEARS**

**EXTENSIVE RANGE OF ELECTRICAL PRODUCTS AND
ACCESSORIES FROM WELL-ESTABLISHED THIRD PARTY BRANDS
AND OUR PROPRIETARY BRANDS**

BUSINESS OVERVIEW

With a retail presence of more than 20 years in Singapore, we are one of the leading retailers and distributors of electrical products and accessories in Singapore. We offer an extensive range of electrical products and accessories for residential and industrial use at our 9 retail branches which are strategically located across different parts of Singapore. As at the Latest Practicable Date, our retail network is supported by a sales team of 58 employees and a fleet of approximately 20 delivery trucks and vans. We have a wide customer base comprising electrical contractors and interior designers, most of whom are repeat customers, as well as walk-in customers.

We hold 13 investment properties, 9 of which are rented out to third parties, from which we derive rental income.

These investment properties have a net book value of approximately S\$15.25 million as at 31 December 2014 and a market value of approximately S\$20.05 million as at 30 April 2015⁽²⁾. We also hold 4 other properties that are used as retail branches for our business operations. They have a net book value of approximately S\$5.78 million as at 31 December 2014 and a market value of approximately S\$15.37 million as at 30 April 2015⁽²⁾.

⁽¹⁾ Please refer to the section entitled "Dividend Policy" of this Offer Document for further details.
⁽²⁾ Aggregated market value based on the Valuer's Report as set out in Appendix F of this Offer Document.



OUR PRODUCTS



THIRD PARTY BRAND ELECTRICAL PRODUCTS AND ACCESSORIES:

We carry numerous brands of products which we source from manufacturers based in France, Germany, Japan, the Netherlands and/or their Singapore-based distributors. They include notable brands such as *Hager, Legrand, Schneider, MK, Philips, KDK and Bosch.*

PROPRIETARY RANGE OF “CCM” AND “CRM” BRAND OF ELECTRICAL PRODUCTS AND ACCESSORIES:

We engage third party contract manufacturers based in the PRC, Malaysia, Singapore and India to manufacture our proprietary range of “CCM” and “CRM” brand products based on our specifications and/or on an original equipment manufacturer basis.



WE CARRY EIGHT PRODUCT CATEGORIES:

Electrical cables and cable accessories; light switches, circuit breakers and accessories; lightning accessories; trunking and pipes; air-conditioner accessories; light fixtures and accessories; ventilating, wall-mounted and ceiling fans; and power drills and handheld tools.

FINANCIAL HIGHLIGHTS

(FYE 31 DECEMBER)

S\$'m	FY2012	FY2013	FY2014
Revenue	70.9	75.0	70.4
- Distribution Business	70.7	74.7	70.1
- Property Investment	0.2	0.3	0.3
Gross Profit	20.2	22.4	17.3
Profit attributable to owners of the Company ⁽³⁾	7.2	12.7	5.9
Gross Margin (%)	28.5	29.9	24.6

⁽³⁾ Includes the gain on disposal of the Group’s investment properties of approximately S\$0.3m in FY2012 and approximately S\$3.9m in FY2013.

Our net gearing ratio as at 31 December 2014 was approximately 0.07 times. As at the Latest Practicable Date, the Company had cash and cash equivalents of approximately S\$8.0 million.

With the increasing sales of

**OUR
“CCM” & “CRM”
BRAND PRODUCTS**

in the last few years,
we intend to further broaden
the range of products
carrying these brands





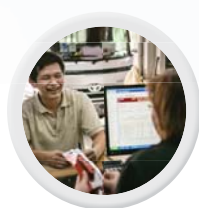
COMPETITIVE STRENGTHS

A WIDE RETAIL NETWORK STRATEGICALLY LOCATED ACROSS DIFFERENT PARTS OF SINGAPORE

- Our nine strategically located retail branches allow customers to purchase our products conveniently throughout Singapore. As we are well stocked, we are able to provide quick delivery of our products to customers.

A ONE-STOP PROVIDER OF AN EXTENSIVE RANGE OF ELECTRICAL PRODUCTS AND ACCESSORIES

- Our comprehensive inventory range enables us to cater to a wide range of customers and their corresponding needs, and we believe we are able to fulfill such needs without them having to look for other suppliers for different products.



STRONG AND LONG-TERM RELATIONSHIPS WITH OUR SUPPLIERS

- We constantly maintain good relationships by making regular visits and having periodic meetings with our suppliers, and for some, we have been in business with them for more than 20 years.
- Our strong relationships with our suppliers allow us to keep abreast of the latest developments in the industry and to have access to a broad range of products at competitive prices.

AN ESTABLISHED TRACK RECORD AND A COMMITTED AND EXPERIENCED MANAGEMENT TEAM

- Thomas Lim (Executive Chairman and Chief Executive Officer) and Rocky Lim (Executive Director) each have more than 40 years of experience in the industry; and they are supported by our Executive Officers who have extensive industry experience.
- Our Directors believe that we are well-positioned to leverage on the experience and capabilities of our management team to identify new opportunities to expand our businesses, grow our reputation in the industry and to continue to deliver quality products.

PROSPECTS

The prospects for our business and demand for our products are primarily driven by the general economic conditions and activities in the construction and property markets in Singapore.

Singapore economy: The MTI maintained the forecast of Singapore's economic growth for 2015 at 2.0% to 4.0%.⁽⁴⁾ The EDB is forecasting fixed asset investments to be between S\$9.0 billion to S\$11.0 billion for 2015, compared to S\$11.8 billion in 2014.⁽⁵⁾

Singapore construction market: The BCA expects the aggregate value of construction contracts to reach between S\$29.0 billion to S\$36.0 billion in 2015. The average construction demand is expected to be sustained between S\$27.0 billion to S\$36.0 billion in 2016, in view of mega public sector infrastructure projects in Singapore required to meet the long-term needs of our population and maintain the competitive advantage of Singapore's economy.⁽⁶⁾

BUSINESS STRATEGIES & FUTURE PLANS

REINFORCING AND STRENGTHENING OUR MARKET POSITION IN SINGAPORE

We intend to expand our retail network and if appropriate and feasible, our current intention is to open new retail branch(es) in Singapore in this current financial year, subject to availability of good locations and other relevant business considerations.

WIDENING OUR PRODUCT RANGE

- To further enhance our competitive position, we intend to widen the range of our existing products.
- With the increasing sales of our "CCM" and "CRM" brand products in the last few years, we intend to further broaden the range of products carrying these brands; some of the types of products we may expand our "CCM" and "CRM" brands to cover could include power cables and handheld tools.

EXPANSION OF OUR OPERATIONS INTO OVERSEAS MARKETS THROUGH THE SET-UP OF NEW RETAIL BRANCHES, ACQUISITIONS, JOINT VENTURES AND/OR STRATEGIC COLLABORATIONS

Subject to economic and market conditions, we intend to explore expanding our operations overseas through the setting up of retail branches, acquisitions, joint ventures and/or strategic collaborations with parties in other countries.

⁽⁴⁾ Ministry of Trade and Industry (MTI) press release dated 26 May 2015 entitled "MTI Maintains 2015 GDP Growth Forecast at 2.0 to 4.0 Per Cent".

⁽⁵⁾ Singapore Economic Development Board (EDB) press release dated 2 February 2015 entitled "Investment commitments in 2014 met forecast; investment numbers for 2015 expected to moderate, reflecting a more targeted approach and uncertain global economic environment".

⁽⁶⁾ Building and Construction Authority (BCA) news release dated 8 January 2015 entitled "Public sector projects to sustain construction demand in 2015".

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CORPORATE INFORMATION

BOARD OF DIRECTORS	: Lim Teck Chuan (<i>Executive Chairman and Chief Executive Officer</i>) Lim Teck Seng (<i>Executive Director</i>) Chin Chee Choon (<i>Lead Independent Director</i>) Pebble Sia Huei-Chieh (<i>Independent Director</i>) Lee Weilin (<i>Independent Director</i>)
COMPANY SECRETARY	: Yeoh Kar Choo Sharon, ACIS
REGISTERED OFFICE	: 10 Woodlands Loop Singapore 738388
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	: M & C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
SPONSOR AND ISSUE MANAGER	: CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
UNDERWRITER AND PLACEMENT AGENT	: CIMB Securities (Singapore) Pte. Ltd. 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	: Deloitte & Touche LLP 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809 Partner-in-charge: Mr Jeremy Toh (a member of the Institute of Singapore Chartered Accountants)
SOLICITORS TO THE INVITATION AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW	: Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
INDEPENDENT VALUER	: Vantage Valuers & Property Consultants Pte Ltd 50 Chin Swee Rd Singapore 169874
PRINCIPAL BANKER	: United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
RECEIVING BANK	: CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623

VENDORS

: **Lim Trust Pte. Ltd.**
10 Woodlands Loop
Singapore 738388

Rhodus Capital Limited
P.O. Box 957
Offshore Incorporations Centre,
Road Town Tortola,
British Virgin Islands

DEFINITIONS

In this Offer Document and the accompanying Application Forms and in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks, or the IB websites or mobile banking interface of the relevant Participating Banks, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Group Companies

“CCM”	:	Choo Chiang Marketing Pte. Ltd.
“Company”	:	Choo Chiang Holdings Ltd.
“Group”	:	Our Company and our subsidiaries, comprising CCM and Neiken
“Neiken”	:	Neiken Switchgear (S) Pte. Ltd.

Other Corporations and Agencies

“ACRA”	:	Accounting and Corporate Regulatory Authority
“AP-Cam”	:	AP-Cam Hardware Co. Ltd.
“Authority”	:	The Monetary Authority of Singapore
“BCA”	:	Building and Construction Authority
“CCM Australia”	:	CCM Australia Pty Ltd
“CCM BVI”	:	CCM Pte. Ltd.
“CCM International”	:	CCM International Holdings Pte. Ltd.
“CCM Ventures”	:	CCM Ventures Pte. Ltd.
“CDP”	:	The Central Depository (Pte) Limited
“Chastan”	:	Chastan Pte Ltd
“CPF”	:	The Central Provident Fund
“EDB”	:	Singapore Economic Development Board
“FEB”	:	Far Eastern Bank Limited
“Grimm Industries”	:	Grimm Industries Pte. Ltd.
“Grimm Industries BVI”	:	Grimm Industries Company Limited
“HDB”	:	Housing & Development Board
“HKTDC”	:	Hong Kong Trade Development Council
“Hong Leong”	:	Hong Leong Finance Limited
“Independent Auditors and Reporting Accountants”	:	Deloitte & Touche LLP
“Independent Valuer”	:	Vantage Valuers & Property Consultants Pte Ltd
“Jinshuo”	:	Jinshuo Installation Engineering Equipment Company Limited

“JTC”	: JTC Corporation
“Lim Trust”	: Lim Trust Pte. Ltd.
“MTI”	: Ministry of Trade and Industry Singapore
“Participating Banks”	: UOB and its subsidiary, FEB (collectively, the “UOB Group”), DBS Bank Ltd (including POSB) (“DBS Bank”) and Oversea-Chinese Banking Corporation Limited (“OCBC”)
“Poh Khoo Electrical”	: Poh Khoo Electrical Pte. Ltd.
“Rhodus”	: Rhodus Capital Limited
“SCCS”	: Securities Clearing and Computer Services (Pte) Limited
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Solicitors to the Invitation”	: Rodyk & Davidson LLP
“Sponsor”, “Issue Manager”, “Receiving Bank” or “CIMB Bank”	: CIMB Bank Berhad, Singapore Branch
“UMS”	: United MS Electrical MFG (M) Sdn Bhd
“Underwriter”, “Placement Agent” or “CIMB Securities”	: CIMB Securities (Singapore) Pte. Ltd.
“UOB”	: United Overseas Bank Limited
“URA”	: Urban Redevelopment Authority
“Xile”	: Xile (Singapore) Pte. Ltd.
“Xingle Group”	: Xingle Group Wen Zhou Import Export Co. Ltd.

General

“Application Forms”	: The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
“Application List”	: The list of applications for purchase of the Invitation Shares
“Articles” or “Articles of Association”	: The articles of association of our Company
“Associate”	: (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none"> (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 30.0% or more

	(b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of 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 30.0% or more
“associated company”	: In relation to a corporation, means: <ul style="list-style-type: none"> (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20.0% but not more than 50.0% of the total votes attached to all voting shares in the corporation; or (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
“ATM”	: Automated teller machine of a Participating Bank
“Audit Committee”	: The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
“Australian TM”	: The trademark that is used by CCM Australia in Australia and for which CCM Australia has applied for registration in Australia
“Award”	: An award of Shares granted under the Performance Share Plan
“Board”	: The board of Directors as at the date of this Offer Document, unless otherwise stated
“BVI”	: British Virgin Islands
“Catalist”	: The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	: Section B of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“CCM trademarks”	: The “CCM” word mark and the trademark that have been registered by CCM in Singapore and Malaysia, further details of which are set out in the section entitled “General Information on our Group – Intellectual Property” in this Offer Document
“CEO”	: Chief Executive Officer
“Code of Corporate Governance”	: Code of Corporate Governance 2012 issued in May 2012 by the Authority
“Companies Act”	: The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Controlling Shareholder”	: In relation to a corporation, <ul style="list-style-type: none"> (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or

	(b) a person who has an interest in the voting shares of the corporation of an aggregate of not less than 15.0% of the total votes attached to all voting shares in a corporation, unless he does not exercise control over the corporation
“CRM trademark”	: The “CRM” word mark in respect of which CCM has applied for registration in Singapore and Malaysia, further details of which are set out in the section entitled “General Information on our Group – Intellectual Property” of this Offer Document
“Directors”	: The directors of our Company as at the date of this Offer Document, unless otherwise stated
“Electronic Applications”	: Applications for the Offer Shares made through an ATM or through the IB website or mobile banking interface of one of the relevant Participating Banks in accordance with the terms and conditions of this Offer Document
“Entity at Risk”	: (a) Our Company; (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and its Interested Person(s), has control over the associated company
“EPS”	: Earnings per Share
“Executive Directors”	: The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
“Executive Officers”	: The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
“FY”	: Financial year ended or, as the case may be, ending on 31 December
“GST”	: Goods and services tax
“IB”	: Internet Banking
“Independent Auditors’ Report”	: Independent Auditors’ Report on the Combined Financial Statements for the Financial Years ended 31 December 2012, 2013 and 2014 as set out in Appendix A of this Offer Document
“Independent Directors”	: The independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
“Interested Person”	: (a) A Director, CEO or Controlling Shareholder of our Company; or (b) an Associate of any such Director, CEO or Controlling Shareholder
“Interested Person Transaction”	: A transaction between an Entity at Risk and an Interested Person

“Invitation”	: The invitation by the Vendors to the public in Singapore to purchase the Invitation Shares at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
“Invitation Price”	: S\$0.35 for each Invitation Share
“Invitation Shares”	: The 33,280,000 Shares offered by the Vendors which are the subject of this Invitation
“Latest Practicable Date”	: 16 June 2015, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST
“Management and Sponsorship Agreement”	: The management and sponsorship agreement dated 15 July 2015 entered into between our Company, the Vendors and CIMB Bank, pursuant to which CIMB Bank agreed to manage and sponsor the Invitation, details as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“NAV”	: Net asset value
“Nominating Committee”	: The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
“NTA”	: Net tangible assets
“Offer”	: The offering by the Vendors of the Offer Shares to the public in Singapore for purchase at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
“Offer Document”	: This offer document dated 15 July 2015 issued by our Company in respect of the Invitation
“Offer Shares”	: The 1,000,000 Invitation Shares which are the subject of the Offer
“PER”	: Price earnings ratio
“Performance Share Plan”	: The performance share plan of our Company known as the “Choo Chiang Performance Share Plan” which was approved on 23 June 2015, particulars of which are set out in the section entitled “Performance Share Plan” of this Offer Document
“Performance Shares”	: The new Shares which may be issued from time to time pursuant to the vesting of Awards under the Performance Share Plan
“Period under Review”	: The period which comprises FY2012, FY2013 and FY2014
“Placement”	: The placement of the Placement Shares by the Placement Agent on behalf of the Vendors for purchase at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document
“Placement Shares”	: The 32,280,000 Invitation Shares which are the subject of the Placement
“PRC”	: People’s Republic of China

“Remuneration Committee”	: The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
“Restructuring Exercise”	: The corporate restructuring exercise undertaken in connection with this Invitation as described in the section entitled “Restructuring Exercise” of this Offer Document
“Securities Account”	: The securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Service Agreements”	: The service agreements entered into between our Company and our Executive Chairman and CEO, Thomas Lim, and our Executive Director, Rocky Lim, as set out in the section entitled “Directors, Management and Staff – Service Agreements” of this Offer Document
“SFA”	: The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SGXNET”	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Share Split”	: The sub-division of each Share in the issued share capital of our Company into 65 Shares
“Shareholder(s)”	: Registered holder(s) of Share(s), except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
“Share(s)”	: Ordinary share(s) in the capital of our Company
“Substantial Shareholder”	: Person who has an interest or interests in one or more voting shares, and the total votes attached to that share, or those shares is not less than five per cent. (5.0%) of the total votes attached to all the voting shares of our Company
“TOP”	: Temporary occupation permit
“Underwriting and Placement Agreement”	: The underwriting and placement agreement dated 15 July 2015 entered into between our Company, the Vendors and CIMB Securities, pursuant to which CIMB Securities agreed to (i) underwrite our Offer and (ii) purchase, or procure purchasers for the Placement Shares, details as described in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document
“United States”	: United States of America
“Vendors”	: Lim Trust and Rhodus
“Warehouse”	: Our warehouse located at 10 Woodlands Loop, Singapore 738388
Name used in this Offer Document	Name in National Registration Identity Card
“Andy Tay”	: Tay Ann Chye (Zheng Ancai)
“Johnny Lim”	: Lim Kim Chuan

“Josephine Tay”	:	Tay Sok Cheng
“Morland Fu”	:	Fu Lin
“Pebble Sia”	:	Pebble Sia Huei-Chieh (Xie Huijie)
“Rocky Lim”	:	Lim Teck Seng
“Thomas Lim”	:	Lim Teck Chuan
“Wilson Foo”	:	Foo Kwee Yew Wilson (Hu Guiyou Wilson)

Currencies, Units and Others

“%” or “per cent.”	:	Per centum
“EUR”	:	Euros
“GBP”	:	British Pounds
“HKD”	:	Hong Kong Dollars
“S\$” and “cents”	:	Singapore Dollars and cents respectively
“sq m”	:	Square metre
“US\$”	:	United States Dollars

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A 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 Offer Document, the Application Forms and Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document, the Application Forms and Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be. It should be noted that on 8 October 2014, the Companies (Amendment) Bill No. 25 of 2014 was passed by the Singapore Parliament to amend the Companies Act. Pursuant to the Companies (Amendment) Act 2014 (Commencement) Notification 2015 dated 2 June 2015, certain amendments to the Companies Act which are set out in the Companies (Amendment) Act 2014 have taken effect on 1 July 2015. It is expected that the remaining provisions of the Companies (Amendment) Act 2014 will take effect in the first quarter of 2016.

Any reference in this Offer Document, the Application Forms and Electronic Applications to Shares being allocated to an applicant includes allocation to CDP for the account of that Applicant.

Any reference to a time of day in this Offer Document, the Application Forms and Electronic Applications shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to “our Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

GLOSSARY OF TECHNICAL TERMS

The glossary contains explanations of certain technical terms and abbreviations (which would not be treated as being definitive of their meanings) used in this Offer Document in connection with our Group and our business. The terms and abbreviations and their assigned meanings may not correspond to standard industry meanings or common meanings, as the case may be, or usage of these terms.

“armour”	: A layer of galvanised steel wire or tape that is wrapped around a cable to provide a high level of protection against mechanical damage
“cable”	: A tube wrapped in insulating material and sheath material containing wires that carry electricity and electronic signals
“Ethernet”	: A type of networking technology for local area networks. Local area networks are computer networks that span a relatively small area. Most local area networks are confined to a single building or group of buildings. However, one local area network can be connected to other local area networks over any distance via telephone lines and radio waves
“GI”	: An abbreviation for galvanised iron, a steel or iron coated with a protective zinc layer to prevent rusting
“neoprene”	: A type of synthetic rubber that is produced by the polymerisation of chloroprene, an organic compound, used for chemical and weather-resistant applications
“OEM”	: Original equipment manufacturer
“PVC”	: An abbreviation for polyvinyl chloride, a general purpose thermoplastic generally used as insulations and sheaths for low voltage wires and cables
“refrigerant”	: A compound that changes from a gas to a liquid and back, commonly used in refrigerators/freezers and air-conditioners
“sheath”	: A layer of material, usually being plastic or rubber, applied to a cable that protects the insulation from mechanical damage
“stainless steel”	: High-alloy steels that have higher corrosion resistance than other steels because of the large amount of chromium content
“switchgear”	: A system used to isolate electrical equipment for protection purposes. Switchgears are used both to de-energise equipment to allow work to be done and to clear faults downstream

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf or the Vendors' behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, which include without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans; and
- (e) other matters discussed in this Offer Document regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore or other jurisdictions in which we conduct business or expect to conduct business;
- (b) changes in currency exchange rates;
- (c) our inability to implement our business strategies and future plans;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of electrical products and accessories which we require to operate our business;
- (f) changes in customer preferences;
- (g) changes in competitive conditions and our ability to compete under such conditions;
- (h) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (i) other factors beyond our control; and
- (j) other factors that are described under the section entitled "Risk Factors" of this Offer Document.

Some of these risk factors are discussed in more detail in this Offer Document, in particular, the discussions under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document. These forward-looking statements are applicable only as at the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements which apply only as at the date of this Offer Document. Neither our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document but before the close of the Invitation, our Company and/or the Vendors become aware of (a) a false or misleading statement or matter in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since this Offer Document was lodged which would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged and that is materially adverse from the point of view of an investor, our Company and/or the Vendors may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to purchase the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

DETAILS OF THE INVITATION

LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued and the Performance Shares on Catalist. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications for the Invitation Shares will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares and Performance Shares. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted and you will not have any claims whatsoever against us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules.

Admission to Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries and our existing issued Shares.

A copy of this Offer Document has been lodged with the SGX-ST, acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares being offered or in respect of which an invitation is made, for investment. We have not lodged or registered this Offer Document in any other jurisdiction.

We and the Vendors are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Invitation, we and/or the Vendors become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we and/or the Vendors may lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to purchase the Invitation Shares and:

- (a) where the Invitation Shares have not been transferred to the applicants, the Vendors shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay the applicants all monies the applicants have paid on account of their applications for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicants will not have any claim against us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent; or
- (b) where the Invitation Shares have been transferred to the applicants, the Vendors shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to the Vendors the Invitation Shares which they do not wish to retain title in; or
 - (iii) treat the transfer of the Invitation Shares as void, in which case the transfer shall be deemed void, and shall within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay the applicants all monies the applicants have paid on account of their applications for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicants will not have any claim against us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us and the Vendors of this, whereupon the Vendors shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicants will not have any claim against us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Invitation Shares transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us and the Vendors of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares, to us and the Vendors, whereupon the Vendors shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the transfer of those Invitation Shares shall be deemed to be void, and he will not have any claim against us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the “**Stop Order**”) to the Vendors, directing that no or no further Shares to which this Offer Document relates, be sold. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority’s opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to purchase the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been transferred to the applicants, the applications of the Invitation Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and the Vendors shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or
- (b) where the Invitation Shares have been transferred to the applicants, the transfer of the Invitation Shares pursuant to the Invitation shall be deemed to be void and the Vendors shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Invitation Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claim against us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

This Offer Document has been seen and approved by our Directors and the Vendors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors and the Vendors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

Neither our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or

information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and/or the Vendors may make an announcement of the same to the SGX-ST and if required, the Vendors may lodge a supplementary or replacement offer document with the SGX-ST and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Invitation Shares are offered for purchase solely on the basis of the instructions contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to purchase the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours, from:

CIMB Securities (Singapore) Pte. Ltd.
CIMB Investment Centre
50 Raffles Place
#01-01 Singapore Land Tower
Singapore 048623

A copy of this Offer Document is also available on the SGX-ST website <http://www.sgx.com>.

The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 27 July 2015 or for such further period or periods as our Directors and the Vendors may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures to purchase the Invitation Shares are set out in Appendix G of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and trading in our Shares is set out below:

Indicative date / time	Event
27 July 2015 at 12.00 noon	Close of Application List
28 July 2015	Balloting of applications, if necessary (in the event of over-purchase of the Offer Shares)
29 July 2015 at 9.00 a.m.	Commence trading on a “ready” basis
3 August 2015	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 27 July 2015, the date of admission of our Company to Catalist is 29 July 2015 and the SGX-ST’s shareholding spread requirement will be complied with.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in major local English language newspaper(s).

We will publicly announce the level of purchase of the Invitation Shares and the basis of allocation of the Invitation Shares as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

The Company and the Vendors reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating the Invitation Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.

Investors should consult the SGX-ST’s announcement of the “ready” trading date on the internet (at the SGX-ST website <http://www.sgx.com>), or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

The Invitation

The Invitation is for 33,280,000 Invitation Shares offered by the Vendors in Singapore by way of the Offer and the Placement comprising 1,000,000 Offer Shares and 32,280,000 Placement Shares respectively. The Invitation is managed by CIMB Bank and the Offer Shares are underwritten by CIMB Securities. CIMB Securities will purchase and/or procure purchasers for the Placement Shares.

Prior to the Invitation, there has been no public market for our Shares. The Invitation Price is determined by the Vendors in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, taking into consideration, *inter alia*, the prevailing market conditions and estimated market demand for our Shares determined through a book-building process. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

Pursuant to the Management and Sponsorship Agreement, we and the Vendors have appointed CIMB Bank, and they have agreed to manage and sponsor the Invitation.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for purchase at the Invitation Price. The terms, conditions and procedures for application and acceptance are set out in Appendix G of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

An applicant who has made an application for Offer Shares by way of an Application Form may not make another separate application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Pursuant to the Underwriting and Placement Agreement, CIMB Securities has agreed to underwrite the Offer Shares for a commission of 3.0% of the Invitation Price for each Offer Share, payable by the Vendors pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one (1) or more sub-underwriters for the Offer Shares.

In the event of an under-purchase of the Offer Shares as at the close of the Application List, that number of Offer Shares not purchased shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-purchase of the Placement Shares as at the close of the Application List.

In the event of an over-purchase of the Offer Shares as at the close of the Application List and/or the Placement Shares are fully purchased or over-purchased as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by the Vendors after consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, and approved by the SGX-ST.

Placement Shares

The Placement Shares are made available to members of the public and institutional investors in Singapore.

Application for the Placement Shares may only be made by way of the Application Forms. The terms, conditions and procedures for application and acceptance are set out in Appendix G of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance”.

Pursuant to the Underwriting and Placement Agreement, CIMB Securities has agreed to purchase, or procure purchasers for the Placement Shares for a placement commission of 3.0% of the Invitation Price for each Placement Share, payable by the Vendors pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares.

Purchasers of the Placement Shares may be required to pay a brokerage fee of up to 1.0% of the Invitation Price (and the prevailing GST thereon, if applicable) to CIMB Securities or any sub-placement agent that may be appointed by CIMB Securities.

The Underwriting and Placement Agreement is conditional upon, among other things, the Management and Sponsorship Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement.

In the event of an under-purchase of the Placement Shares as at the close of the Application List, that number of Placement Shares not purchased shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-purchase of the Offer Shares as at the close of the Application List.

Purchase of Invitation Shares

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to purchase the Invitation Shares in the Invitation. If such person(s) were to make an application for Invitation Shares and are subsequently allocated such number of Invitation Shares, we will make the necessary announcements at an appropriate time.

To the best of our knowledge and belief, none of the members of our management or employees intends to purchase more than five per cent. (5.0%) of the Invitation Shares.

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to purchase more than five per cent. (5.0%) of the Invitation Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to purchase Shares amounting to more than five per cent. (5.0%) of the Invitation Shares. If such person(s) were to make an application for more than five per cent. (5.0%) of the Invitation Shares and are subsequently allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allocation of Shares will be made in accordance with the shareholding spread and distribution guidelines as set out in the Catalist Rules.

No Shares shall be allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. Because it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the matters set out in the section entitled “Risk Factors” in this Offer Document before deciding on whether to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Company was incorporated in Singapore on 5 September 2014 under the name “Choo Chiang Holdings Pte. Ltd.” as a private limited company under the Companies Act. Pursuant to the completion of the Restructuring Exercise, our Company became the holding company of our subsidiaries, namely CCM and Neiken. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details. On 24 June 2015, our name was changed to “Choo Chiang Holdings Ltd.” in connection with our Company’s conversion to a public company limited by shares.

Our Business

Our Group is one of the leading retailers and distributors of electrical products and accessories in Singapore, having had a retail presence of more than 20 years in Singapore.

We are principally engaged in the retail, distribution and supply of an extensive range of electrical products and accessories through our nine (9) retail branches (including the retail branch operated by Neiken) which are strategically located across different parts of Singapore.

We carry third party brand electrical products and accessories which we source from manufacturers based in France, Germany, Japan, the Netherlands and/or their Singapore-based distributors. In addition, we carry our own range of “CCM” and “CRM” brand of electrical products and accessories, manufactured by third party contract manufacturers on our behalf based on our specifications and/or on an OEM basis.

We have a wide customer base in Singapore which primarily comprises electrical contractors, interior designers and walk-in customers at our retail branches. Our sales are carried out directly at our retail branches or based on orders received from our customers. As at the Latest Practicable Date, we operate a fleet of approximately 20 delivery trucks and vans for the delivery of purchased products to our customers or their relevant worksites as well as for moving stock from our Warehouse to our various retail branches.

In addition, our Group from time to time acquires, disposes and holds commercial and industrial properties for investment purposes. As at the Latest Practicable Date, we own 13 investment properties, of which most have been rented out to third parties and from which our Group derives rental income.

Please refer to the section entitled “General Information on our Group — Business Overview” of this Offer Document for further details.

Our Competitive Strengths

We believe our competitive strengths are as follows:

- We have a wide retail network strategically located across different parts of Singapore
- We are a one-stop provider of electrical products and accessories
- We have strong and long-term relationships with our suppliers
- We have an established track record and a committed and experienced management team

Please refer to the section entitled “General Information on our Group — Competitive Strengths” of this Offer Document for further details.

Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- *Reinforcing and strengthening our market position in Singapore*

We believe that we are one of the leading players in the supply of electrical products and accessories in Singapore. It is our intention to leverage on our market position to increase our market share in Singapore. Subject to market conditions, we intend to achieve this by expanding our retail network and thereby increasing the visibility of our brand and presence in Singapore. It is our current intention to expand our retail network and if appropriate and feasible, subject to the availability of good locations and other relevant business considerations, we plan to open new retail branch(es) in Singapore in this current financial year.

- *Widening our product range*

To further enhance our competitive position, we intend to widen the range of our existing products. In particular, with the increasing sales of our “CCM” and “CRM” brand products in the last few years, we intend to further broaden the range of products carrying our “CCM” and “CRM” brands.

- *Expansion of our operations into overseas markets through the set up of new retail branches, acquisitions, joint ventures and/or strategic collaborations*

In order to further grow our business, we intend to explore expanding our operations overseas through the setting up of retail branches, acquisitions, joint ventures or strategic collaborations with parties in other countries. Key factors that our Group will consider when assessing expansion opportunities include return on investments, the market conditions of the relevant country, and applicable laws and regulations in the relevant country.

These future plans, however, are subject to economic and market conditions.

Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for further details.

SUMMARY OF OUR FINANCIAL INFORMATION

The following table represents a summary of the financial highlights of our Group. The data presented in this table is derived from the Independent Auditors' Report, the section entitled “Selected Combined Financial Information” and the financial statements and notes thereto which are included elsewhere in this Offer Document. You should read those sections and the section entitled “Management's Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document for a further explanation of the financial data summarised here.

Selected items from the combined statements of comprehensive income of our Group

(S\$'000)	← Audited →		
	FY2012 ⁽¹⁾	FY2013 ⁽¹⁾	FY2014
Revenue	70,947	74,958	70,442
Gross profit	20,248	22,425	17,342
Profit before tax	8,803	14,578	7,212
Profit for the year	7,310	12,812	6,021
Profit attributable to owners of our Company	7,247	12,679	5,870

Note:

- (1) The summary financial information presented in the table above includes the pre-tax gain on disposal of our Group's investment properties of approximately S\$307,000 in FY2012 and approximately S\$3,911,000 in FY2013.

Selected items from the combined statements of financial position of our Group

(S\$'000)	Audited as at 31 December 2014
Current assets	26,857
Non-current assets	21,873
Current liabilities	11,595
Non-current liabilities	4,550
Total equity	32,585

Where you can find us

Our principal and registered office is located at 10 Woodlands Loop, Singapore 738388. Our telephone number is 6368 5922 and our facsimile number is 6363 5922. Our website is <http://www.ccm.sg>. **Information contained on our website does not constitute part of this Offer Document.**

THE INVITATION

- Invitation Size : Invitation in respect of 33,280,000 Invitation Shares by way of the Offer and the Placement.
- Invitation Price : S\$0.35 for each Invitation Share, payable in full on application.
- The Offer : The Offer comprises an offering by the Vendors to the public in Singapore to purchase 1,000,000 Offer Shares at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document.
- In the event of an under-purchase of the Offer Shares, that number of Offer Shares not purchased shall be used to satisfy excess applications for the Placement Shares to the extent that there is an over-purchase of the Placement Shares as at the close of the Application List.
- The Placement : The Placement comprises a placement by the Placement Agent on behalf of the Vendors of 32,280,000 Placement Shares at the Invitation Price, subject to and on the terms and conditions set out in this Offer Document.
- In the event of an under-purchase of the Placement Shares, that number of Placement Shares not purchased shall be used to satisfy excess applications for the Offer Shares to the extent that there is an over-purchase of the Offer Shares as at the close of the Application List.
- Purpose of the Invitation : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance the public image of our Group locally and overseas and enable us to tap the capital markets in the future for the expansion of our operations. The Invitation will also provide members of the public with an opportunity to participate in the equity of our Company.
- Listing Status : Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares and the Performance Shares on Catalist being granted by the SGX-ST.
- Risk Factors : Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Offer Document, before deciding to invest in our Shares. To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgement of our Group have been set out below. If any of the following risk factors and uncertainties develops into actual events, our business, financial position, results of operations and/or prospects could be materially and adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Leases for our retail branches may not be renewed on commercially favourable terms and we may be unable to secure our preferred premises

A number of our retail branches are leased from third parties (some of whom are statutory boards), with a typical lease term of up to approximately two (2) to three (3) years. As such, the stability of our business operations and expansion of existing retail branches is dependent on the continuity of such lease agreements. While our Group seeks to ensure compliance with the terms of the lease agreements, we cannot assure you that the current lease agreements in respect of our retail branches will not be terminated by the respective landlords or that we will be able to continue to operate at their current locations on commercially favourable terms or at all. In addition, some of our landlords may from time to time adopt new leasing guidelines or policies or change their existing guidelines and policies or the way they interpret their lease agreements. In the event that we fail to comply with such guidelines or policies or the manner in which our landlords interpret our lease agreements with them, this may affect the ability of our Group to renew our existing leases with such landlords, or result in us being required to comply with additional requirements and obligations, be faced with an increase in rent, or result in an early termination of our existing lease(s) with them. If our lease agreements are terminated or our Group is unable to renew our lease agreements on similar or better terms upon expiry and we are unable to find alternative suitable premises, the performance of our Group may be adversely affected. Even if we are able to find and lease suitable alternative premises on similar or better terms, relocation is time consuming and may result in loss of sales in the interim. Relocation will also incur additional costs, for example, in relation to the outfitting of the new premises and transportation of goods. In addition, regular customers may have difficulty locating our retail branches at the new premises, and this could have an adverse impact on the sales and financial performance of our Group.

We do not have long-term supply agreements with our suppliers for products under third party brands

We generally work with both local and overseas reputable suppliers or their local branches or representatives and constantly source for and select brands of electrical products and accessories according to customer demand. Hence, we do not have long-term supply agreements with all suppliers. Our rights to sell products under these third party brands are granted by third party suppliers under the respective distributorship arrangements which are not formalised in writing. In the event that the suppliers terminate the distributorship arrangements for any third party brands, we may not be able to meet our customers' orders or demand in respect of such products. As a result, our business operations and consequently, our revenue and profitability would be materially and adversely affected.

Our “CCM” and “CRM” brands and/or other brands may be used by unrelated third parties, which our Group does not have control over, in jurisdictions which our Group does not operate

We currently operate in Singapore. Our “CCM” and “CRM” brands and/or other brands may be used by unrelated third parties without our consent, which our Group does not have control over, in jurisdictions which our Group currently does not operate in. Furthermore, while we own rights to our “CCM” brand in Singapore, and have applied for the CRM trademark to be registered in Singapore and Malaysia, and the CCM trademarks to be registered in Malaysia, and are in the process of applying for the CCM trademarks to be registered in the PRC, we cannot assure you that we will be able to register, renew, maintain, protect and/or enforce our rights in these jurisdictions, or that other unrelated third parties will not use the “CCM” and “CRM” brands in these jurisdictions without our consent.

Please refer to the section entitled “General Information on our Group — Intellectual Property” of this Offer Document for information on these brands. As such, any adverse impact on the “CCM” and “CRM” brands in those jurisdictions resulting from unauthorised use by unrelated third parties may have an adverse impact on the perception of our Group’s branding in Singapore and elsewhere and our planned expansion into other jurisdictions. In the event that the adverse impact is significant, the business, financial condition and operating results of our Group may be adversely affected.

We face the risk of defective products from our third party contract manufacturers affecting our reputation

We engage third party contract manufacturers in the PRC, Malaysia, Singapore and India to manufacture various electrical products and accessories under our “CCM” and “CRM” brands. In the event our third party contract manufacturers default on their contractual obligations or work specifications, we may not be able to have available stock or deliver our products to our customers in accordance with the agreed timing, quality and/or specifications. In addition, there is no assurance that the third party contract manufacturers do not use poor quality or defective components or materials. They may also not report safety concerns to us. In such circumstances, if we are unable to find alternative third party contract manufacturers on commercially favourable terms to manufacture our products, our ability to stock sufficient quantities of our “CCM” and “CRM” brand products and/or perform our obligations to our customers and our relationships with our customers may be adversely affected, thereby affecting our business and results of operations.

Furthermore, poor quality or other defects in the manufactured products under our “CCM” and “CRM” brands may generate negative publicity concerning the quality, reliability and safety of our products, reducing customers’ confidence in our products, tarnishing our reputation and reducing our sales. Consequently, our business, profitability and financial performance may be adversely affected and we may also have to incur additional costs in placating customers and/or restoring our reputation.

In addition, if complaints from our customers escalate into legal claims, we will have to spend time, incur legal costs and expend other resources to address such claims, thereby adversely affecting our business and financial performance. There is no assurance that material litigation will not be brought against us in the future. Furthermore, in the event that our insurance coverage is inadequate, we may be required to compensate our customers for any injuries suffered or damage to personal property if we are found to be at fault. Our liabilities in respect of such claims could adversely affect our financial position and results of operations.

We are dependent on our key management personnel and our ability to recruit suitable and qualified employees

To a significant extent, the success of our Group depends upon the capabilities and efforts of our management team and our ability to hire and retain key management personnel as well as suitable and qualified employees. The ability of our Group to continue to attract, retain and motivate key personnel will have an impact on our operations. The loss of the services of one or more of these individuals without timely adequate replacements or the inability to attract new qualified personnel at a reasonable cost would have a material adverse effect on our financial performance and operations. In addition, our Group may lose business to the organisations that members of the key management of our Group may join after leaving their positions with us. Although we have entered into service contracts with certain of our key management personnel, we cannot assure you that we will be able to continue to engage their services in the future. Furthermore, as we expand our operations, we will need to recruit suitable and qualified

personnel, and we cannot guarantee that we will be able to do so in a timely manner or at all. If we are unable to retain or recruit suitable and qualified employees, our Group's business, financial condition and results of operations may be adversely affected.

We may be affected by inventory holding costs and the risk of product obsolescence

In order to ensure that our retail branches have sufficient stock of the products we carry to meet customers' demands, we have been adopting a strategy of keeping a ready inventory of our products. Our level of inventory is mainly based on the actual and anticipated demand for specific products from our customers as well as economic considerations.

Our inventory accounted for approximately 60.6% of our total current assets as at the end of FY2014, and our average inventory turnover days for each of FY2012, FY2013 and FY2014 were 63 days, 91 days and 109 days respectively.

As a result of holding and managing a significant level of inventory, we may incur high holding costs such as financing costs, warehousing and logistics costs as well as insurance costs. A significant increase in these costs may have an adverse impact on our business and financial performance. Our financial position may also be adversely affected if there is a downward adjustment in the net realisable value of our inventory. For example, we experienced a significant allowance for inventory obsolescence of approximately S\$2.6 million in FY2013 due to certain slow-moving stocks.

In addition, the maintenance of inventory at our Warehouse and retail branches exposes our Group to the risk of product obsolescence. There is no assurance that our Group will be able to return the products which have become obsolete to our suppliers or to sell such products at or higher than what they were purchased for. In the event that we incur substantial write-off or provision for product obsolescence, our results of operation, financial performance and financial position will be adversely affected.

Please refer to the section entitled "General Information on our Group – Inventory Management" of this Offer Document for more information.

We operate in a competitive environment and face competition from existing industry players and new market entrants

We face competition from other local players in the electrical products and accessories retail and distribution industry. Companies in our industry generally compete on reputation, track record, pricing, product range, delivery times and customer service. There is no assurance that we can continue to compete against our competitors effectively in the future. Stiff competition may lead to an overall decline in demand for our products resulting in a downward pressure on our prices and subsequently eroding our profit margins.

We may face more intense competition in the future from existing competitors and new market entrants.

In the event that we are unable to provide competitive pricing and/or quality products on a timely basis, we may lose our market share to our competitors. In addition, in the event our competitors are able to provide comparable or better products at lower prices, respond to changes in market conditions more swiftly or effectively than we do, our business and financial performance may be materially and adversely affected.

Please refer to the section entitled "General Information on our Group — Competition" of this Offer Document for more details.

We are dependent on our major suppliers for prompt delivery

In FY2014, our major suppliers included Hager Electro Systems Pte Ltd, Hebei Huatong Wires & Cables Group Co Ltd and MK Electric (Singapore) Pte. Limited. These top three (3) major suppliers accounted for approximately 14.0%, 13.0% and 9.7% of our total supplies for FY2014 respectively. In the event that these suppliers are not able to supply our products on a timely basis and we are not able to buy from other sources of supply in a timely manner, this will delay our ability to meet our customers' demands for such products and they may look elsewhere for alternative products, which will in turn adversely impact our financial performance.

We may be affected in the event that we are required to relocate our Warehouse or our business operations are disrupted at our Warehouse

The Warehouse located at 10 Woodlands Loop, Singapore 738388 is our main and sole warehouse. In order to ensure that our retail branches have a sufficient stock of the products we carry, we keep a ready inventory of products in our Warehouse.

In the event that we are required to relocate our Warehouse or there is a breakdown of our business operations at our Warehouse (e.g. fires) for whatever reason, this may create disruptions to our business operations. Should we be unable to find alternative storage space, the business operations of our Group may be adversely affected as we may not be able to keep a sufficient inventory of products to ensure that our retail branches carry enough stock to meet customer demand. In such event, our business operations, financial position, business and financial performance may be adversely and materially affected.

We may need to incur additional expenses in the event we receive any product liability claims or claims for defects

Our Group currently does not have in place any product liability insurance, and will therefore be subject to the full amount of any product liability we may incur. Any claims made against us in respect of any of our products by any of our customers will adversely affect our financial results. In addition, we may not have successful recourse against any supplier or manufacturer. For FY2012, FY2013 and FY2014, we have not experienced any material product liability claims or claims for defects against our Group. However, in the event that we experience any such claims, we may look to our suppliers or third party contract manufacturers for recourse, but there is no assurance that we will be successful in our claims. However, any significant claim against our Group in the future will have a material adverse effect on our Group's financial position and prospects.

We are dependent on our “CCM” and “CRM” brands and any adverse impact on our brands may affect our performance and future prospects

Our business is dependent on the goodwill of our “CCM” and “CRM” brands. Establishing and preserving our reputation for quality products is important for maintaining the loyalty of our existing customer base and also for attracting new customers. Our reputation will in turn be dependent on the success of our continual efforts in carrying quality products. Failure to consistently deliver quality products necessary to develop and maintain our reputation and the goodwill associated with our brands may materially and adversely affect our ability to retain our existing customers, or secure new customers or new markets. In such an event, our business and financial performance may be adversely affected.

Although we place emphasis on the quality of our products marketed under these brands, there may be complaints from customers regarding our products from time to time in connection with any defect in those products. Such negative publicity, even if they are unsubstantiated, may lead to a loss or diminution in the goodwill and the commercial value of our “CCM” and “CRM” brands of products.

We had not experienced any material claim against our Group for defects in our products during the Period under Review. However, any significant claim against us in the future may have a material adverse effect on our reputation and goodwill which may affect future business growth and prospects.

We are exposed to risks of infringement of our intellectual property rights and the unauthorised use of our trademarks and we may face litigation suits for intellectual property infringement

We have registered our CCM trademarks in Singapore and have applied for registration of the CRM trademark to be registered in Singapore and Malaysia, and the CCM trademarks to be registered in Malaysia, and we are in the process of applying for the CCM trademarks to be registered in the PRC. Please refer to the section entitled “General Information on our Group — Intellectual Property” of this Offer Document for further details. We believe our trademarks are well recognised by our customers and in the industry we operate in to represent reliability and quality, which have contributed to our success.

It is possible that our competitors may adopt product or trade names similar to ours notwithstanding that our trademarks have been registered, and we may not be able to completely prevent the sale of products which infringe our intellectual property rights, whether in Singapore or overseas. As a result, the goodwill generated by our brand may be eroded and our business may be adversely affected.

In the event there is widespread infringement of our intellectual property rights or should counterfeit or unauthorised products of inferior quality bearing our trademarks and brands be sold, our reputation and hence our ability to maintain our competitive edge may be adversely affected.

We may not have sufficient resources to be able to effectively prevent such infringement of our intellectual property rights. There is also no assurance that we will be able to obtain adequate remedies in the event of an unauthorised replication of our trademarks or products. If we fail to protect our intellectual property rights adequately, there may be an adverse impact on our business reputation, goodwill and financial performance.

There is also no assurance that we will not infringe any intellectual property rights of third parties in the future. In the event of any claims or litigation involving infringement of their intellectual property rights, whether with or without merit, we may be required to divert a significant amount of our time and resources to defend or attend to any possible litigation or legal proceedings. As a result, our reputation, business and financial performance may be adversely affected.

We may face claims by our customers for defects in our products

Whilst we have implemented quality assurance procedures as described under the section entitled “General Information on our Group – Quality Control and Assurance” of this Offer Document, there is no assurance that our products will always be able to satisfy our customers’ quality standards and/or product specifications.

If there are any quality defects in the products carried by us, this could result in adverse customer reaction towards our Group, negative publicity, additional expenditure to correct the problem and claims from our customers for damages or losses suffered by our customers arising from such defects. In addition, for products supplied by our suppliers and third party contract manufacturers, notwithstanding that we may be able to obtain replacement products from these suppliers and third party contract manufacturers where they are liable for the defects in the products, our customers may still claim against us for any losses suffered by them as a result of any delays in the delivery of the replacement products. In the event that we are required to pay damages to our customers in respect of such claims, it may adversely affect our profitability and would also have an adverse impact on our business, reputation and results of operations.

We require various licences, permits and approvals to operate our business

We are required to obtain various licences, permits and approvals to operate our business. The licences and permits are generally subject to conditions stipulated in the licences and permits and/or relevant laws or regulations under which such licences and permits are issued. Failure to comply with such conditions could result in the revocation or non-renewal of the relevant licence or permit. As such, we have to constantly monitor and ensure our compliance with such conditions. Should there be any failure to comply with such conditions resulting in the revocation of any of the licences and permits, we will not be able to carry out our operations. In addition, any change in or introduction of new regulations that require our compliance may increase our cost of operations. All of these will have an adverse effect on our business and financial performance.

Any change in existing regulation or introduction of new government legislation, regulations and policies that require our compliance may increase our cost of operations and compliance costs. Such changes may also require us to obtain additional licences and approvals. Any difficulties or failure in obtaining such licences and approvals could require us to cease operations until such licences and approvals are obtained. This would affect our ability to meet our contractual deadlines and maintain a good business relationship with our customers.

Please refer to the section entitled “Government Regulations” of this Offer Document for more information on the list of regulations and licences that are required by our Group.

We are subject to compliance with and changes in laws and regulations

Any changes to current laws or regulations or introduction of new laws or regulations or any conditions imposed on our licences, permits, registrations and certifications may have an impact on our business and result in higher costs of compliance. For instance, following the amendments to the Consumer Protection (Fair Trading) Act 2012 (Chapter 52A) of Singapore, which came into effect on 1 September 2012, we are required to repair or replace defective products and, if repair or replacement is not possible or reasonable, our customers may request for a price reduction or may return the defective products for a refund. In such instances, our business, financial position and results of operations may be adversely affected.

If we are unable to comply with the existing and new laws and regulations or any conditions imposed on our licences, permits, registrations and certifications, or should any of our licences, permits, registrations or certifications be suspended, revoked or not renewed, our business operations could be impacted and, as a result, our business, financial position and results of operations may be adversely affected.

Please refer to the section entitled “Government Regulations” of this Offer Document for further details.

We may not be able to maintain our relationships with our suppliers

We currently enjoy good relationships with our suppliers. However, we cannot assure you that these relationships can be maintained in the long term. As a result, we may not be able to leverage on our relationships to maintain the existing terms and pricing from our suppliers. If we are unable to maintain our supplier relationships, the business and profitability of our Group may be materially and adversely affected. Moreover, the range of products we are able to offer is dependent on our suppliers. In particular, certain suppliers may carry distinctive or unique products which may not be easily substituted with other products from alternative suppliers. If we are unable to secure supplies for our retail products, or if our suppliers are unwilling to supply our Group with their products, it will reduce the range of products and brands which we offer our customers. In such an event, the business and profitability of our Group may be materially and adversely affected.

We may be affected by fluctuations in the costs of products carried by us

The cost of the products carried by us may fluctuate due to factors such as changes in market supply and demand, fluctuations in manufacturing costs of our suppliers, fuel and transportation costs, and taxes and duties. If we are unable to pass on any increase in the price of products to our customers or are unable to find alternative sources of products at competitive prices, our operating cashflow, business and financial performance may be adversely affected.

Our material costs as a percentage of our cost of sales for FY2012, FY2013 and FY2014 were approximately 99.5%, 99.4% and 99.2% respectively. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document for further details.

We may experience industrial-related accidents that may expose us to liability claims

Due to the nature of our operations, we are also subject to the risk of our employees or third parties being involved in accidents at our premises or our customers’ premises. Accidents resulting in disruptions to our business operations will have a material adverse impact on our corporate image and financial performance. In the event of accidents which are not covered by our insurance or workmen compensation policies taken up by our Group, or if claims arising from such accidents are in excess of our insurance coverage and/or any of our insurance claims is contested by the insurance companies, we will be required to pay such compensation and the financial performance of our Group may be materially and adversely affected. In addition, the payment by our insurers on such insurance claims may result in increases in our insurance premiums. This may also have an adverse effect on the financial performance of our Group.

Our business, financial performance and financial position may also be affected if we have to spend a significant amount of resources in legal costs in the event that we are involved in legal proceedings, even if we are not found to be liable for any claims as a result of such proceedings. In addition, our reputation may suffer irreversible damage as a result of such proceedings.

Although no material claims were instituted against us in the past, there is no assurance that such claims will not be made against us in the future.

Our insurance coverage may not be sufficient

We maintain different insurance policies in the different locations in which we operate, covering damages or loss to our properties, equipment, stocks and inventories but in the event that such damage or loss exceeds the insurance coverage procured by our Group, or is not covered by the insurance policies that we have taken up, we may be exposed to financial losses. As we do not maintain any product liability insurance, any defects in the products sold by our Group may also result in a material and adverse customer reaction, which may result in negative publicity for our Group and incur additional time, effort and expenditure to rectify the problems and settle claims against our Group, thereby resulting in a material and adverse effect on our financial position and profitability.

We are exposed to the risk of litigation

In general, our Group is exposed to the risk of litigation by customers, employees and other persons, including the risk of being joined as third parties to litigation actions or involvement in frivolous claims. We may be exposed to litigation action or frivolous claims in relation to our operations, for example due to our vehicles which may be subject to motor accident negligence claims during the course of work. These litigation actions and claims may be costly and time consuming, and could result in significant liabilities and reputational harm. We may need to incur significant legal, settlement and other costs in defending actions against us and if claims against us are successful, this could also materially and adversely affect the results of operations, financial condition and liquidity of our Group.

Our Group is subject to credit risks of our customers

As at 31 December 2014, our credit exposure as represented by our net trade receivables, was approximately S\$6.96 million. The normal credit terms offered to our customers is between 30 to 90 days. Certain of our customers may from time to time default on their payments. As at 31 December 2014, our Group's 90-day delinquency rate, defined as net trade receivables greater than three (3) months in arrears as a percentage of net trade receivables, was 4.86%. Although we conduct regular reviews of our credit exposure to customers, credit risks will nevertheless arise, in particular from events and circumstances beyond our control or events which are difficult to anticipate, such as exposure to fraudulent activities, an economic downturn or deterioration in the financial condition of our customers. Further, we cannot assure you that failures or deficiencies in our credit control system and processes will not occur, which may lead to an increase in bad debt.

In the event of default in payment by our customers, we may have to provide for impairments of our trade receivables or write-off bad debts. Such impairments or write-off may adversely affect the profitability of our Group. During the Period under Review, bad debts as a percentage of our Group's revenue were insignificant. We have used a period of 90 days as a prudent indicator of delinquency rate to monitor our customers' performance. The 90-day period is used based on our experience and understanding of our customers' behaviour. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Review of Results of Operations" of this Offer Document for more details. For FY2012, FY2013 and FY2014, our Group made provisions for impairment of trade receivables amounting to approximately S\$864,000, S\$777,000 and S\$325,000 respectively and wrote off bad debts amounting to approximately S\$67,000, nil and S\$32,000 respectively. In addition, our Group would from time to time take legal action against errant customers to pursue payment. We would have to incur legal costs in connection with such legal action.

We cannot assure you that risks of default by our customers will not increase in the future. Further, any disputes that may arise due to defaults in payment by customers will also incur time and costs in claiming for such payments and thus affect our business and profitability.

We may not be able to implement our business strategy successfully or manage our growth and operations effectively

We believe our future growth and earnings largely depend on the successful implementation of our business strategy, which in turn depends on a number of external and internal factors. External factors include business, financial, and other factors beyond our Group's control, including:

- changes in consumer preferences and access to suitable products;
- availability of manpower;
- domestic and international economic conditions; and
- government or other legal, regulatory or policy changes.

Group-specific factors, including:

- the availability of suitable locations for the opening of new retail branches; and
- the time taken and costs incurred in procuring such locations, or our ability to do so in a timely manner,

will also affect our Group's ability to implement our business strategy.

Our continuing expansion may strain our resources including financial resources and may also stretch our management personnel. We would also need to familiarise ourselves comprehensively with the relevant business requirements and conditions in the event we expand our operations overseas. Further, we may not be able to acquire or manage profitably or to integrate successfully acquired businesses with our existing business and plant assets without substantial costs, delays or other operational difficulties.

Adverse conditions in the global financial markets and the general economy may adversely affect the business, financial condition, results of operations and prospects of our Group

Our results of operations and financial condition may be materially affected by conditions in financial markets and the economy in Singapore and elsewhere. In particular, adverse changes in the political and social conditions both regionally and worldwide will impinge upon the health of the global economic and/or financial system, and may affect consumer sentiment and lead to a decrease in consumer spending. Concerns over, among other things, increased unemployment, inflation, geopolitical issues and the availability and cost of credit in Singapore have contributed to a reduction in liquidity levels, a general decline in lending activity by financial institutions, diminished expectations for the global economy and the markets in the near term, and declining business and consumer confidence, have precipitated an economic slowdown and recessionary pressures globally. Consequently, consumer sentiment and spending may remain cautious in the near term, and this may have an adverse effect on the business, financial condition, results of operations and prospects of our Group.

The business and operations of our Group may be affected by factors outside of our control

The business and operations of our Group may be adversely affected by macroeconomic factors outside our control, such as the following:

- Unforeseeable circumstances, such as power outages or labour disputes may cause disruptions to our operations as well as loss or damage to our inventories, machinery, retail branches and our Warehouse. In addition, some of the products that we hold as inventory may be highly flammable, thus potentially increasing the risk of a fire. Such events may cause a disruption or cessation in the operations of our Group and increase the expenditure of our Group in the replacement or repair of damaged property, and thus adversely affect our financial results.
- As our revenue is derived mainly from projects in commercial and industrial developments in Singapore, our business is dependent on the general health of the Singapore economy. Consequently, a slowdown in the growth and development of the commercial and industrial sector in Singapore resulting in fewer new developments and projects will result in a decline in the demand for our products and in turn would have a material and adverse impact on our financial performance.

- The business and operations of our Group may be affected by an outbreak of communicable diseases and viruses. The outbreak or resurgence of communicable diseases and viruses, such as the severe acute respiratory syndrome (SARS), Middle East respiratory syndrome (MERS), Ebola virus disease, influenza A (H1N1) virus and avian influenza, if uncontrolled, could have an adverse effect on consumer sentiment towards retail shopping and affect the operations of the retail branches of our Group, which may in turn, have an adverse impact on the performance of our Group. In the event of an outbreak of communicable diseases at any of our Group's retail branches, the relevant government authorities may require our management and employees to be quarantined and we may be required to wholly or partially suspend our operations until further notice.
- Severe weather conditions, natural disasters such as earthquakes and other incidents such as outbreaks of fire, floods and other emergency risks could cause damage to or a temporary shutdown of our suppliers' or our own machinery. For instance, a fire breakout may damage or destroy our machinery whilst prolonged floods may disrupt our business operations.

Our products are subject to certification standards and qualification audits by independent certification authorities

Some of the electrical products and accessories under our "CCM" and "CRM" brands are subject to assessment by independent certification organisations for compliance with the various relevant safety standards and regulatory requirements in Singapore. Please refer to the sections entitled "General Information on our Group – Quality Control and Assurance" and "Government Regulations" of this Offer Document for more details on such standards and regulatory requirements.

The relevant authorities and certification organisations in Singapore have the right to conduct inspections of our products to ensure that we continue to comply with the relevant standards. While there has been no tightening of the standards recently, any material failure to comply with the standards or any changes in the standards which are implemented from time to time may cause our certifications or products to be withdrawn. Any withdrawal of our certifications or our products will have a material adverse effect on our business, financial condition, results of operations and prospects.

Pilferage and theft by our employees and outsiders will harm our operating results, profits, reputation and branding

Sales at our retail branches are settled by cash, credit card or electronic payments. We rely on our employees at our stores to handle cash sales and manage our inventories at the retail branches. There is no absolute assurance that lapses in internal controls will not occur. Should we fail to impose strict monitoring for possible practices of pilferage and theft of materials by employees and outsiders, we will not be able to prevent such misdeeds from happening. These wrongdoings will not only harm our financial performance, but also our reputation and branding.

We are dependent on foreign labour and may face labour shortages or increased costs of labour

Due to the relative lack of local workers in our industry, we have become partially reliant on foreign labour. As we rely largely on foreign workers (including skilled workers) mainly from Malaysia and the PRC to meet our labour needs, we are vulnerable to changes in the availability and costs of employing foreign workers. Any changes in the labour policies of these countries of origin may affect the supply and/or cost of foreign workers and cause disruptions to our operations.

The number of full-time employees as at the Latest Practicable Date was 131. Our Company does not employ any temporary or part time employees. As at the Latest Practicable Date, approximately 33.6% of our employees in Singapore were foreign workers. The supply of foreign workers is subject to demand and supply conditions in the labour market and the local and foreign governments' labour regulations.

With the increasing demand for foreign workers worldwide, there is no assurance that we will be able to continue attracting foreign workers at the current level of wages or that our current foreign workers will continue to be employed by us. Any increase in competition for foreign workers, especially skilled workers from outside Singapore, will increase our labour wages. Consequently, if we are not able to pass on the increase in labour costs to our customers, our financial performance will be adversely affected.

Due to Singapore's strict immigration policy which limits the supply of foreign labour, we may not be able to employ sufficient workers. In addition, we may be required to bear a higher levy for employing foreign workers and the local to foreign workers' ratio may increase from time to time.

In the event that there is a shortage of local or foreign workers to meet our operational requirements, we may be unable to fulfil customers' demands in a timely manner or our costs of labour may increase resulting in an adverse impact on our financial performance and financial position.

Please see the section entitled "Government Regulations" of this Offer Document for further details on the laws relating to the employment of foreign workers.

We are susceptible to fluctuations in foreign exchange rates that could result in us incurring foreign exchange losses

All of our revenue and expenses are denominated in S\$ while our purchases are denominated in S\$, US\$, HKD, EUR and GBP. We generally do not hedge our foreign exchange exposure. We did not experience any material foreign exchange losses in FY2012, FY2013 and FY2014.

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, we are exposed to foreign exchange fluctuations which may adversely affect our financial position. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management" of this Offer Document for details.

RISKS SPECIFIC TO OUR PROPERTY INVESTMENTS

We face the risk of varying returns for our property investments

Property investments are subject to varying degrees of risk. The returns from such investments depend largely on the amount of income earned and capital appreciation generated by the properties. The revenues and values of investment properties may be adversely affected by a number of factors, including:

- international, regional and local economic climate;
- local real estate conditions;
- competition from other available properties;
- changes in market rates for comparable sales and rental;
- inability to collect rent due to bankruptcy or insolvency of tenants or otherwise;
- the need for periodic repair and re-letting of space and the costs thereof and, as the properties get older, the need to undertake major renovations that necessitates capital expenditure and which may result in loss of income during the period of renovation;
- casualty losses due to fire, floods and other natural and man-made disasters;
- the ability of an owner to provide adequate maintenance and insurance; and
- increased operating costs.

Property investments are also affected by such factors as:

- changes in interest rates;
- the availability of funds;
- changes in governmental regulations;

- changes in tax laws or rates; and
- potential environmental or other legal liabilities.

Certain significant expenditure associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in revenue from the investment.

There can be no assurance that any changes to the factors mentioned above will not have any material adverse impact on our financial performance.

Our property investments are subject to risks associated with external debt financing

As our property investments are financed through external debt financing, our Group is exposed to risks associated with debt financing. Our Group will also be subject to the risk that its existing borrowings may be terminated by the lenders upon occurrence of certain events (such as a failure to make interest payments) and it may not be able to refinance its existing borrowings or that the terms of any refinancing will not be as favourable as the terms of its existing borrowings. In addition, we may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect our operations and our ability to meet required payments of principal and interest on our indebtedness.

We may also be subject to risks normally associated with debt financing, including adverse changes in interest rates and the inability to meet payments of principal and interest. This is because a material increase in interest rates would increase borrowing and financing costs, which may in turn have an adverse impact on our financial position.

Decline in property values may lead to impairment losses of the properties in which we hold interests

Our investment properties are initially recognised at cost, including transaction costs and subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses. We assess the valuation of each investment property to determine if impairment is necessary as at the relevant financial reporting date. The market value of our interest in properties may fluctuate from time to time due to market and other conditions. Any impairment losses to our share of the carrying amount of our investment properties could have an adverse effect on our net asset value and our profitability. They may also affect our ability to incur more borrowings, or result in us having to reduce debt, if the financial covenants in our financing and other agreements require us to maintain a level of debt relative to our asset value, and such covenants are triggered as a result of impairment losses made to our investment properties.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Investments in shares quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform primarily designed for fast growing and emerging and/or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST and the future success and liquidity in the market of our Shares cannot be guaranteed.

Pursuant to the Catalist Rules, we are required to, *inter alia*, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three (3) years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three (3)-year period, the Sponsor will continue to act as our sponsor or that we are able to find a replacement sponsor within the three (3)-month period. Should such risks materialise, we may be delisted.

Control by our Controlling Shareholder may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon completion of the Invitation, our Controlling Shareholder, Lim Trust, will exercise control of approximately 70.0% of our post-Invitation share capital. Therefore, it will be able to exercise significant influence over all matters requiring Shareholders' approval (including the election of directors and the approval of significant corporate transactions) except where it is required by the Catalist Rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group even if such change may be beneficial to our minority Shareholders.

Future sale, availability or issuance of our Shares could materially and adversely affect our Share price

Any future sale, availability or issuance of a large number of our Shares in the public market or perception thereof may have a downward pressure on our Share price. These factors also affect our ability to sell additional equity securities in the future, at a time and price we deem appropriate. Save as disclosed under the section entitled "Shareholders – Moratorium" of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

In addition, our Share price may be under downward pressure if certain Shareholders sell their Shares upon the expiry of their moratorium periods.

There has been no prior market for our Shares and the Invitation may not result in an active or liquid market for our Shares

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained after the Invitation.

There is also no assurance that the market price for our Shares will not decline below the Invitation Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

Investors in our Shares would face immediate and substantial dilution in our NAV per Share and may experience future dilution

Our Invitation Price of S\$0.35 per Share is substantially higher than our NAV per Share of approximately S\$0.15 as at 31 December 2014. If we were liquidated immediately following the Invitation, purchasers of the Invitation Shares would receive less than the price they paid for their Shares. Details of the immediate dilution of our Shares incurred by new investors are described under the section entitled "Dilution" of this Offer Document.

Our Share price may be volatile in future which could result in substantial losses for investors purchasing Shares pursuant to the Invitation

The trading price of our Shares may fluctuate significantly and rapidly after the Invitation as a result of, among others, the following factors, some of which are beyond our control:

- variations of our operating results;
- changes in analysts' estimates of our financial performance;
- changes in market valuations and share prices of companies listed in Singapore with businesses similar to that of our Company;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market prices and volume;

- our involvement in material litigation;
- additions or departures of our key management personnel;
- material changes or uncertainty in the political, economic and regulatory environment in the markets that we operate;
- success or failure in our efforts to implement business and growth strategies; and
- changes in general economic and stock market conditions or other events or factors.

For these reasons, among others, our Shares may trade at prices that are higher or lower than our NAV per Share. To the extent that there is any retention of operating cash for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Shares. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for our Shares.

In addition, our Shares are not capital-safe products and there is no guarantee that holders of our Shares can realise a higher amount or even the principal amount of their investment.

In the case of liquidation of our Company, it is possible that investors may lose all or a part of their investment in our Shares.

Negative publicity which includes those relating to any of our Directors, Executive Officers or Controlling Shareholder may materially and adversely affect our Share price

Negative publicity or announcements relating to any of our Directors, Executive Officers or Controlling Shareholder may materially and adversely affect the market perception or the performance of our Shares, whether or not they are justified. Examples of these include unsuccessful attempts in joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

The actual performance of our Company may differ materially from the forward-looking statements in this Offer Document

This Offer Document contains forward-looking statements, which are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside our control. Furthermore, our revenue and financial performance are dependent on a number of external factors, including demand for our products which may decrease for various reasons, including increased competition within the industry or changes in applicable laws and regulations. We cannot assure you that these assumptions will be realised and our actual performance will be as projected.

We may not be able to pay dividends to our Shareholders

The declaration and payment of future dividends will depend on our operating results, financial position, other cash requirements including capital expenditure, the terms of borrowing arrangements (if any) and other factors deemed relevant by our Directors. There is no assurance that dividend distributions will be made by our Company in the future. For a description of our dividend policy, please refer to the section entitled “Dividend Policy” of this Offer Document.

Investors may not be able to participate in future rights issues or certain equity issues of our Shares

If we offer our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have the discretion as to the procedure to be followed in making the rights available to our Shareholders or in disposing of the rights for the benefit of our Shareholders and making the net proceeds available to our Shareholders. We may choose not to offer the rights to our Shareholders having an address outside Singapore. Accordingly, Shareholders who have a registered address outside Singapore may be unable to participate in rights offerings and may experience a dilution in their shareholdings as a result.

Additional funds raised through future issuances of new Shares will dilute Shareholders' equity interests

We may require additional equity funding for our future investments, capital expenditure and working capital. An issue of Shares or other securities to raise funds will dilute Shareholders' equity interests and may require additional investments by Shareholders. If we were to raise funds in the future by way of a placement of Shares or rights issue or other equity-linked securities, and if any Shareholder is unable or unwilling to participate in such fundraising, such Shareholder will suffer dilution to their shareholdings.

INVITATION STATISTICS

Invitation Price	35.00 cents
NAV	
NAV per Share based on the audited combined financial position of our Group as at 31 December 2014	15.17 cents
Premium of Invitation Price over the NAV per Share as at 31 December 2014	130.72%
Earnings	
Historical EPS of our Group for FY2014 based on the existing issued share capital of 208,000,000 Shares	2.82 cents
Historical EPS of our Group for FY2014 based on the existing issued share capital of 208,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2014	2.66 cents
PER	
Historical PER based on the Invitation Price and the historical EPS of our Group for FY2014	12.41 times
Historical PER based on the Invitation Price and the historical EPS of our Group for FY2014, assuming that the Service Agreements had been in place from the beginning of FY2014	13.16 times
Net operating cash flow⁽¹⁾	
Historical net operating cash flow per Share of our Group for FY2014 based on the existing issued share capital of 208,000,000 Shares	2.85 cents
Historical net operating cash flow per Share of our Group for FY2014 based on the existing issued share capital of 208,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2014	2.69 cents
Price to net operating cash flow ratio	
Invitation Price to historical net operating cash flow per Share of our Group for FY2014 based on the existing issued share capital of 208,000,000 Shares	12.28 times
Invitation Price to historical net operating cash flow per Share of our Group for FY2014 based on the existing issued share capital of 208,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2014	13.01 times
Market capitalisation	
Market capitalisation based on the Invitation Price and the existing issued share capital of 208,000,000 Shares	S\$72.8 million

Note:

(1) Net operating cash flow refers to net cash generated from operating activities.

USE OF PROCEEDS AND LISTING EXPENSES

The net proceeds from the Invitation (after deducting estimated expenses in relation to the Invitation of approximately S\$1.0 million to be borne by the Vendors, which includes professional fees and expenses, underwriting and placement commission and other incidental expenses) will be approximately S\$10.65 million. All of the net proceeds will be paid to the Vendors in the proportion of the number of Invitation Shares offered by each of them. In the reasonable opinion of our Directors, there is no amount which is required to be raised by our Group from the Invitation.

Since all the Invitation Shares are being offered by the Vendors, our Group will not receive any of the proceeds from the Invitation.

Expenses

We estimate that the expenses in relation to the Invitation payable by us and the Vendors and other incidental expenses will amount to approximately S\$1.33 million. A breakdown of these expenses is set out below:

	Estimated expenses payable by our Company (S\$'000)	As a percentage of the gross proceeds from the Invitation (%) ⁽¹⁾	Estimated expenses payable by the Vendors (S\$'000)	As a percentage of the gross proceeds from the Invitation (%)
Professional fees	251	2.2	503	4.3
Underwriting commission, placement commission and brokerage ⁽²⁾	—	—	349	3.0
Independent Auditors and Reporting Accountants' fees	60	0.5	120	1.0
Advertising and printing expenses	13	0.1	25	0.2
Miscellaneous expenses (including listing expenses)	3	—	6	0.1
Total	327	2.8	1,003	8.6

Notes:

- (1) As the Invitation relates solely to an offer of Vendor Shares, the expenses in relation to the Invitation borne by our Company will not be offset against the gross proceeds from the Invitation.
- (2) The Vendors will pay CIMB Securities, as compensation for their services in connection with the Invitation and pursuant to the Underwriting and Placement Agreement, a commission of 3.0% of the Invitation Price for each Invitation Share.

DIVIDEND POLICY

Our Company was incorporated on 5 September 2014 and has not distributed any dividend on our Shares since incorporation. Save as disclosed below, none of our subsidiaries has declared or paid dividends in the last three (3) financial years ended 31 December to the Latest Practicable Date:

- (a) CCM declared and paid interim dividends of approximately S\$4,800,000 to its then shareholders in FY2012;
- (b) CCM declared and paid interim dividends of approximately S\$7,450,000 to its then shareholders in FY2013; and
- (c) CCM declared and paid interim dividends of approximately S\$10,800,000 to its then shareholders in FY2014.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and other investment plans;
- (d) our working capital requirements and general financing condition;
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and
- (f) the general economic and business conditions in countries in which we may operate in the future.

We may declare dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. Future dividends will be paid by us as and when approved by our Shareholders (if necessary) and our Directors.

Subject to the above, our Directors intend to recommend and distribute dividends of not less than 30% of our net profits attributable to our Shareholders in each of FY2015 and FY2016 (the “**Proposed Dividends**”). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors’ sole and absolute discretion.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

For information relating to taxes payable on dividends, please refer to Appendix D of this Offer Document entitled “Taxation”.

SHARE CAPITAL

Our Company (Company Registration Number.: 201426379D) was incorporated in Singapore on 5 September 2014 under the Companies Act as a private limited company under the name of Choo Chiang Holdings Pte. Ltd. On 24 June 2015, we converted into a public company limited by shares and changed our name to Choo Chiang Holdings Ltd.

As at the date of incorporation, our issued and paid-up share capital was S\$1 comprising one (1) Share. As at the date of this Offer Document, our issued and paid-up share capital is S\$8.02 million comprising 208,000,000 Shares.

At an extraordinary general meeting held on 23 June 2015, our Shareholders approved, *inter alia*, the following:

- (a) the conversion of our Company into a public company limited by shares and the consequential change of our name to “Choo Chiang Holdings Ltd.”;
- (b) the listing and quotation of all the issued Shares on Catalist;
- (c) the adoption of a new set of Articles of Association;
- (d) the Share Split;
- (e) the adoption of the Choo Chiang Performance Share Plan, the rules of which are set out in the section entitled “Performance Share Plan” and Appendix E of this Offer Document entitled “Performance Share Plan”, and that our Directors be authorised to allot and issue Performance Shares upon the release of Awards granted under the Performance Share Plan;
- (f) the entry by our Company into the Service Agreements with our Executive Chairman and CEO, Thomas Lim and our Executive Director, Rocky Lim; and
- (g) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to (i) issue 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) 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 our Directors may in their absolute discretion deem fit; and (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 our Directors while this resolution was in force, provided that:
 - (1) 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) in the capital of our Company (as calculated in accordance with sub-paragraph (2) 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) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such 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) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Invitation, after adjusting for (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; and (b) any subsequent bonus issue, consolidation or sub-division of Shares;

- (3) in exercising such authority, our Company shall comply with the provisions of the Catalyst Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and
- (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company, being ordinary shares. A summary of the Articles of Association of our Company relating to, among others, the voting rights of our Shareholders is set out in Appendix C of this Offer Document entitled “Summary of Selected Articles of Association of our Company”.

There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

As at the date of this Offer Document, no Award has been granted under the Performance Share Plan.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$8.02 million divided into 208,000,000 Shares. As no new Shares are issued for the purpose of the Invitation, there will not be any change in the issued and paid-up share capital of our Company before and after the Invitation.

Details of changes in the issued and paid-up share capital of our Company since our incorporation are as follows:

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid Shares on 5 September 2014 (being the date of incorporation)	1	1
Issue of 2,699,999 Shares to Lim Trust on 7 November 2014	2,699,999	2,699,999
Issue of 20,000 Shares to Lim Trust on 25 November 2014	20,000	20,000
Issue of 480,000 Shares to Rhodus on 25 November 2014	480,000	5,300,000
Issued and fully paid Shares before the Share Split	3,200,000	8,020,000
Issued and fully paid Shares after the Share Split	208,000,000	8,020,000
New Shares issued pursuant to the Invitation	—	—
Post-Invitation issued and paid-up share capital	208,000,000	8,020,000

As at the Latest Practicable Date, the shareholders’ equity of our Company was S\$7,819,000 comprising share capital of S\$8,020,000 and accumulated losses of S\$201,000. As our Company will not be issuing any new Shares for the purpose of the Invitation, there will not be any change in our Company’s shareholders’ equity before and after the Invitation.

SHAREHOLDERS

OWNERSHIP STRUCTURE

Our Directors and Substantial Shareholders and their respective shareholdings in our Company immediately before and after the Invitation are set out below:

	Before the Invitation				After the Invitation			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Thomas Lim ⁽¹⁾	—	—	176,800,000	85.0	—	—	145,600,000	70.0
Rocky Lim ⁽¹⁾	—	—	—	—	—	—	—	—
Chin Chee Choon	—	—	—	—	—	—	—	—
Pebble Sia	—	—	—	—	—	—	—	—
Lee Weilin	—	—	—	—	—	—	—	—
Substantial Shareholders (other than Directors)								
Lim Trust ⁽¹⁾	176,800,000	85.0	—	—	145,600,000	70.0	—	—
Rhodus ⁽²⁾	31,200,000	15.0	—	—	29,120,000	14.0	—	—
Public	—	—			33,280,000	16.0		
Total	<u>208,000,000</u>	<u>100.0</u>			<u>208,000,000</u>	<u>100.0</u>		

Notes:

- (1) Our Executive Chairman and CEO, Thomas Lim, is a director and holds 90% of the shares in Lim Trust and the balance 10% is held by our Executive Director, Rocky Lim.
- (2) Rhodus is an investment holding company incorporated in the BVI on 20 August 2010. Rhodus is owned by Wong Leon Keat and Omar Loebis, who are not related to the Directors, Executive Officers or other Shareholders of our Company. Wong Leon Keat is a partner at Wong, Lee & Associates, who were the previous auditors of CCM and Neiken from 5 August 1991 to 10 February 2015 and from 10 February 2003 to 10 February 2015, respectively.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Invitation Shares which are the subject of the Invitation.

Save as disclosed above, our Company is not, whether directly or indirectly, owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly. Our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.

VENDORS

The name of the Vendors and the number of Invitation Shares which the Vendors will offer pursuant to the Invitation are set out below:

Vendor	Shares held immediately before the Invitation		Invitation Shares offered		Shares held immediately after the Invitation	
	Number of Shares	% of pre-Invitation share capital	Number of Shares	% of pre-Invitation share capital	Number of Shares	% of post-Invitation share capital
Lim Trust	176,800,000	85.0	31,200,000	15.0	145,600,000	70.0
Rhodus	31,200,000	15.0	2,080,000	1.0	29,120,000	14.0

Significant Changes in Percentage of Ownership

Save as disclosed above and under the section entitled “Share Capital” of this Offer Document, there has been no significant changes in the percentage of ownership of our Shares from the incorporation of our Company until the Latest Practicable Date.

MORATORIUM

To demonstrate their commitment to our Group, our Controlling Shareholder, Lim Trust, which will hold 145,600,000 Shares (representing 70.0% of our Company’s post-Invitation share capital), and our Substantial Shareholder, Rhodus, which will hold 29,120,000 Shares (representing 14.0% of our Company’s post-Invitation share capital), have each undertaken not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their following respective shareholdings in the share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months commencing from the date of admission of our Company to Catalist, and for a period of six (6) months thereafter, not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, more than 50.0% of their respective original shareholdings in our Company.

Thomas Lim and Rocky Lim, who collectively hold the entire share capital of Lim Trust, have each undertaken not to directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their interest in Lim Trust for a period of 12 months commencing from the date of our Company’s admission to Catalist. In addition, each of the shareholders of Rhodus has undertaken not to sell, contract to sell, realise, assign, transfer, pledge, grant any option to, dispose of or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective interests in Rhodus for a period of 12 months commencing from the date of our Company’s admission to Catalist.

DILUTION

Dilution is the amount by which the Invitation Price paid by new investors for our Invitation Shares (the “**New Investors**”) exceeds our NAV per Share immediately after the Invitation.

As the Invitation consists solely of existing Shares and there will be no issue of new Shares in connection with the Invitation, there will be no change to the issued and paid-up share capital of our Company and no material change in NAV per Share immediately before and after the Invitation. Our NAV per Share as at 31 December 2014, based on our Company’s existing share capital of 208,000,000 Shares, was approximately 15.17 cents per Share. This represents an immediate dilution in NAV per Share of approximately 19.83 cents to the New Investors.

The following table illustrates such dilution on a per Share basis as at 31 December 2014:

	Cents
Invitation Price per Share	35.00
NAV per Share as of 31 December 2014 based on our Company’s existing share capital of 208,000,000 Shares	15.17
Change in NAV per Share attributable to existing Shareholders	–
NAV per Share after the Invitation ⁽¹⁾	15.17
	<hr/>
Dilution in NAV value per Share to New Investors	19.83
	<hr/>
Dilution in NAV value per Share to New Investors as a percentage of the Invitation Price	56.7%
	<hr/>

Note:

- (1) The computed NAV per Share did not take into account our actual financial performance from 1 January 2015 to the Latest Practicable Date. Depending on our actual results, our NAV per Share after the Invitation may be higher or lower than that computed above.

The issue of new Shares pursuant to the Awards granted under the Performance Share Plan would have a further dilutive effect on the New Investors. The total number of new Shares over which Awards may be issued pursuant to our Performance Share Plan may be up to 15% of our total issued and paid-up share capital as of the day preceding the relevant grant date.

The following table summarises the total number of Shares acquired by our existing Shareholders (as adjusted for the Share Split) during the period of three (3) years prior to the date of lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share paid by them and paid by our New Investors pursuant to the Invitation:

	Number of Shares acquired (adjusted for the Share Split)	Total consideration (S\$)	Average effective cash cost per Share (Cents)
Controlling, Substantial and other Shareholders			
Lim Trust	176,800,000	2,720,000	1.54
Rhodus	31,200,000	5,300,000	16.99
New Investors pursuant to the Invitation	33,280,000	11,648,000	35.00

Notes:

- (1) Our Executive Chairman and CEO, Thomas Lim is a director and holds 90% of the shares in Lim Trust, and the balance 10% is held by our Executive Director, Rocky Lim.
- (2) Rhodus is an investment holding company incorporated in the BVI on 20 August 2010. Rhodus is owned by Wong Leon Keat and Omar Loebis, who are not related to the Directors, Executive Officers or other Shareholders of our Company. Wong Leon Keat is a partner at Wong, Lee & Associates, who were the previous auditors of CCM and Neiken from 5 August 1991 to 10 February 2015 and from 10 February 2003 to 10 February 2015, respectively.

Save as disclosed above, none of our Directors or Substantial Shareholders of our Company or their respective Associates have acquired any Shares during the period of three (3) years prior to the date of lodgement of this Offer Document.

RESTRUCTURING EXERCISE

Our Company was incorporated on 5 September 2014 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S\$1 comprising one (1) Share, which was held by Lim Trust.

To streamline and rationalise our corporate structure and shareholding structure in preparation for the listing of our Company on Catalist, we implemented the following in the Restructuring Exercise prior to the Invitation:

1. Acquisition of CCM by our Company

On 24 November 2014, Thomas Lim and Rocky Lim transferred all their shares in CCM to our Company for an aggregate cash consideration of S\$2,000,000 based on the paid-up capital of our Company at that time.

Upon completion of the aforesaid acquisition, CCM became a wholly-owned subsidiary of our Company.

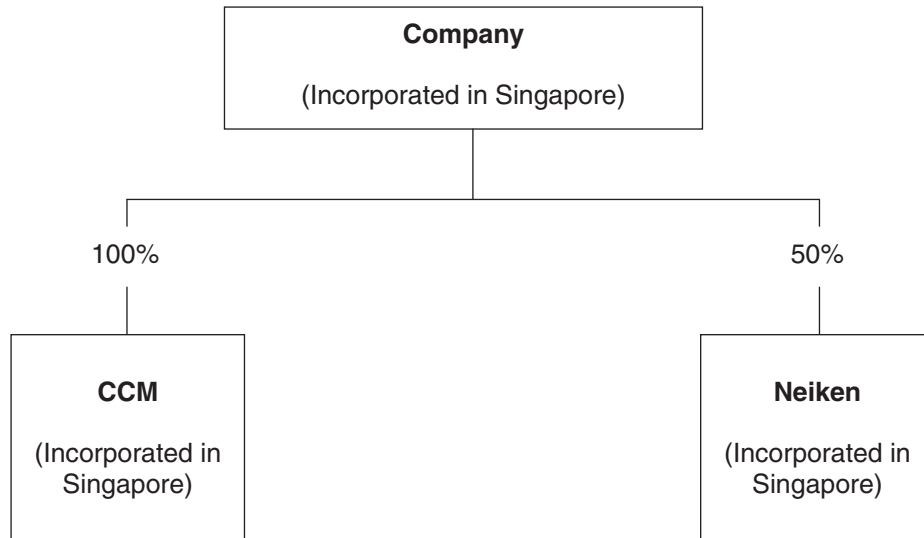
2. Acquisition of Neiken by our Company

On 24 November 2014, Thomas Lim and Rocky Lim transferred all their shares in Neiken to our Company for an aggregate cash consideration of S\$500,000 based on the paid-up capital of our Company at that time.

Upon completion of the aforesaid acquisition, the issued and paid-up share capital of Neiken was equally held between our Company and UMS.

GROUP STRUCTURE

Our Group structure as at the date of this Offer Document is as follows:



The details of each subsidiary of our Company as at the date of this Offer Document are as follows:

Name	Date / Country of incorporation	Principal place of business	Principal activities	Issued and paid-up share capital	Effective equity interest held by our Group
CCM	30 July 1991 / Singapore	Singapore	Assemblers of lighting fittings and fixtures; and general contractors	S\$2,000,000	100%
Neiken	10 February 2003 / Singapore	Singapore	Dealer of electrical wiring and products and electrical works; and assembly of electrical fittings and parts	S\$1,000,000	50% ⁽¹⁾

Note:

- (1) The other 50% equity interest in Neiken is held by UMS, a subsidiary of UMS-Neiken Group Berhad, which is a Malaysian company listed on the Bursa Malaysia. As the Latest Practicable Date, the directors of UMS are Cheng Wong, Dee Kok Yong and Cheng Siow Wei, all of whom are unrelated third parties to our Group, Directors and Controlling Shareholders.

None of our subsidiaries is listed on any stock exchange. Save as disclosed above, there are no other subsidiaries, associated companies and associated entities of our Group.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Offer Document, including the Independent Auditors' Report as set out in Appendix A of this Offer Document and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document.

Combined Statements of Comprehensive Income⁽¹⁾

(S\$'000)	← FY2012	Audited FY2013	FY2014 →
Revenue	70,947	74,958	70,442
Cost of sales	(50,699)	(52,533)	(53,100)
Gross profit	20,248	22,425	17,342
Other operating income ⁽²⁾	483	4,147	406
Distribution costs	(35)	(76)	(32)
Administrative expenses	(10,038)	(10,280)	(9,374)
Other operating expenses	(1,788)	(1,504)	(994)
Finance costs	(67)	(134)	(136)
Profit before tax⁽³⁾	8,803	14,578	7,212
Income tax expense	(1,493)	(1,766)	(1,191)
Profit for the year, representing total comprehensive income for the year	7,310	12,812	6,021
Total comprehensive income attributable to:			
Owners of our Company ⁽²⁾⁽³⁾	7,247	12,679	5,870
Non-controlling interests	63	133	151
	7,310	12,812	6,021
EPS			
- Basic EPS (cents) ⁽²⁾⁽³⁾⁽⁴⁾	3.48	6.10	2.82

Notes:

- (1) The combined statements of comprehensive income for the Period under Review have been prepared on the basis that our current Group structure has been in existence throughout the Period under Review. Please refer to the Independent Auditors' Report as set out in Appendix A of this Offer Document for the basis of preparation of the combined financial statements of our Group.
- (2) Our other operating income in FY2012 and FY2013 included, *inter alia*, gain on disposal of investment properties which amounted to approximately S\$0.31 million and S\$3.91 million respectively, without which our total comprehensive income attributable to owners of our Company would have been approximately S\$6.94 million and S\$8.77 million in FY2012 and FY2013 respectively and our basic EPS for FY2012 and FY2013 would have been approximately 3.34 cents and 4.22 cents respectively.
- (3) Had the Service Agreements (as disclosed in the section entitled "Service Agreements" of this Offer Document) been in place since 1 January 2014, our profit before tax and total comprehensive income attributable to owners of our Company for FY2014 would have been approximately S\$6.88 million and S\$5.54 million respectively and our basic EPS would have been approximately 2.66 cents.
- (4) For comparative purposes, basic EPS has been calculated based on the total comprehensive income attributable to owners of our Company for the relevant financial year and our pre-Invitation share capital of 208,000,000 Shares.

Combined Statements of Financial Position⁽¹⁾

(S\$'000)

Audited
As at 31 December 2014⁽¹⁾

ASSETS

Current assets

Cash and cash equivalents	3,303
Trade receivables	6,962
Other receivables and prepayments	323
Inventories	16,269
Total current assets	26,857

Non-current assets

Property, plant and equipment	6,619
Investment properties	15,254
Total non-current assets	21,873
Total assets	48,730

LIABILITIES AND EQUITY

Current liabilities

Trade payables	7,330
Other payables and accruals	2,338
Bank borrowings	811
Current portion of finance leases	97
Income tax payable	1,019
Total current liabilities	11,595

Non-current liabilities

Bank borrowings	4,318
Finance leases	208
Deferred tax liability	24
Total non-current liabilities	4,550
Total liabilities	16,145

Capital and reserves

Share capital	8,020
Reserves	23,524
Equity attributable to the owners of our Company	31,544
Non-controlling interests	1,041
Total equity	32,585
Total liabilities and equity	48,730

NAV per Share (cents)⁽²⁾

15.17

Notes:

- (1) The combined statements of financial position as at 31 December 2014 have been prepared on the basis that our current Group structure had been in existence throughout the Period under Review. Please refer to the Independent Auditors' Report as set out in Appendix A of this Offer Document for the basis of preparation of the combined financial statements of our Group.
- (2) The NAV per Share as at 31 December 2014 has been computed based on the equity attributable to the owners of our Company and our pre-Invitation share capital of 208,000,000 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our Group's results of operations and financial position should be read in conjunction with the Independent Auditors' Report as set out in Appendix A of this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

Except as otherwise indicated, the following discussion is based on our audited combined financial statements, which have been prepared in accordance with the Singapore Financial Reporting Standards.

OVERVIEW

Our Group is one of the leading retailers and distributors of an extensive range of electrical products and accessories in Singapore, with a retail presence of more than 20 years in Singapore.

As at the Latest Practicable Date, our Group has a network of nine (9) retail branches (including the retail branch operated by Neiken) across Singapore which sell electrical products and accessories of both third party brands and our own "CCM" and "CRM" brands. We have a wide customer base in Singapore which primarily comprises contractors, interior designers and walk-in customers at our retail branches. In addition to our Distribution Business (as defined herein), our Group holds commercial and industrial properties as investment properties, some of which have been rented out to unrelated third parties.

Please refer to the sections entitled "General Information on our Group – Business Overview" and "General Information on our Group – Our Products" of this Offer Document for further details of our business activities.

PRINCIPAL COMPONENTS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group's revenue is largely derived from the sale of our electrical products and accessories in Singapore. In addition, we also derive rental income from our investment properties located across Singapore. Our total revenue was approximately S\$70.95 million, S\$74.96 million and S\$70.44 million in FY2012, FY2013 and FY2014 respectively.

The revenue from our sales and retail of electrical products and accessories ("**Distribution Business**") segment is recognised upon the transfer of significant risks and rewards of ownership of the electrical products and accessories to our customers which generally coincides with the acceptance of the electrical products and accessories sold and when the collection of the related receivables is reasonably assured. The rental income from our investment properties ("**Property Investment**") segment is recognised on a straight-line basis over the term of the relevant lease period.

The following table summarises the breakdown of our revenue for the Period under Review by our business segments:

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Distribution Business	70,691	99.6	74,700	99.7	70,127	99.6
Property Investment	256	0.4	258	0.3	315	0.4
Total	70,947	100.0	74,958	100.0	70,442	100.0

The major factors that will affect our revenue include, *inter alia*, the following:

- the state of the construction industry and the general economy in Singapore which may affect demand for our electrical products and accessories;
- our ability to retain existing customers and/or secure new customers based on the quality and price competitiveness of our electrical products and accessories, timeliness in delivery, accessibility of our retail branches and our ability to meet customers' specifications;
- the number of competitors selling electrical products and accessories in Singapore which may affect the selling prices and sales volume of our products;
- our ability to maintain long-term arrangements with our major suppliers;
- our ability to secure bulk procurements of certain electrical products and accessories at reasonable prices to fulfill increases in demand from our customers from time to time; and
- the general demand and supply trends affecting real estate market conditions which may affect our ability to secure and/or renew leases in respect of our investment properties.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our business operations and financial performance.

Cost of Sales

With respect to our Distribution Business segment, the principal components of our cost of sales largely comprised: (i) the cost of purchases (including finished electrical products and accessories and allowance for stock obsolescence); and (ii) the carriage inwards relating to cost incurred in transporting the purchases to our retail branches or our Warehouse. The cost of sales for our Property Investment segment comprised mainly depreciation of investment properties, property taxes, property management fee and interest paid on bank loans used to finance the investment properties. Our total cost of sales was approximately S\$50.70 million, S\$52.53 million and S\$53.10 million in FY2012, FY2013 and FY2014 respectively.

The following table summarises the breakdown of our cost of sales for the Period under Review by our business segments:

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Distribution Business						
- Cost of purchases	50,427	99.5	52,218	99.4	52,694	99.2
- Carriage inwards	95	0.2	136	0.3	155	0.3
Property Investment	177	0.3	179	0.3	251	0.5
Total	50,699	100.0	52,533	100.0	53,100	100.0

The major factors affecting our cost of sales include, *inter alia*, the following:

- (a) our ability to continually source for and purchase electrical products and accessories, which meet the requirements of our customers, at competitive prices; and
- (b) the change in the purchase costs of electrical products and accessories which may be influenced by the costs of raw materials (such as copper and plastic). The cost of raw materials may fluctuate due to changes in the supply and demand in the global market driven by global economic conditions.

Gross Profit and Gross Profit Margin

The following tables summarise the breakdown of our gross profit and gross profit margin for the Period under Review by our business segments:

Gross Profit

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Distribution Business	20,169	99.6	22,346	99.6	17,278	99.6
Property Investment	79	0.4	79	0.4	64	0.4
Total	20,248	100.0	22,425	100.0	17,342	100.0

Gross Profit Margin

	FY2012	FY2013	FY2014
	%	%	%
Distribution Business	28.5	29.9	24.6
Property Investment	30.9	30.6	20.3
Overall Gross Profit Margin	28.5	29.9	24.6

Other Operating Income

Our other operating income comprised mainly gain on disposal of investment properties, sponsorship income, gains on disposal of property, plant and equipment, government grants and sundry income.

Our other operating income amounted to approximately S\$0.48 million, S\$4.15 million and S\$0.41 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 0.7%, 5.5% and 0.6% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Gain on disposal of investment properties

Our gain on disposal of investment properties amounted to approximately S\$0.31 million and S\$3.91 million in FY2012 and FY2013 respectively, which accounted for approximately 64.6% and 94.3% of our other operating income in FY2012 and FY2013 respectively. We did not realise any gain on disposal of investment properties in FY2014 as there was no investment property being disposed in FY2014.

Sponsorship income

Our sponsorship income comprised mainly income earned from our suppliers for event sponsorships, which amounted to approximately S\$0.10 million, S\$0.14 million and S\$0.13 million in FY2012, FY2013 and FY2014 respectively. Our sponsorship income accounted for approximately 20.8%, 3.4% and 31.7% of our other operating income in FY2012, FY2013 and FY2014 respectively.

Gain on disposal of property, plant and equipment

Our gain on disposal of property, plant and equipment resulted mainly from the sale of our motor vehicles to unrelated third parties and related employees. Our gain on disposal of property, plant and equipment amounted to approximately S\$0.04 million, S\$0.04 million and S\$0.13 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 8.3%, 1.0% and 31.7% of our other operating income in FY2012, FY2013 and FY2014 respectively. In FY2014, our Group realised a gain

of approximately S\$0.06 million from the sale of a motor vehicle to Johnny Lim, who is the brother of Thomas Lim, the Executive Chairman and CEO of our Group, and Rocky Lim, the Executive Director of our Group. Please refer to the section entitled “Interested Person Transactions – Past Interested Person Transactions” of this Offer Document for further details.

Government grants

Our government grants included grants received from the Singapore government including the Special Employment Credit⁽¹⁾ and Wage Credit Scheme⁽²⁾, which amounted to approximately S\$0.02 million, S\$0.03 million and S\$0.07 million in FY2012, FY2013 and FY2014 respectively. Our government grants accounted for approximately 4.2%, 0.7% and 17.1% of our other operating income in FY2012, FY2013 and FY2014 respectively.

Sundry income

Our sundry income comprised mainly income earned from our suppliers for advertising of their products at our retail branches, which amounted to approximately S\$0.01 million, S\$0.01 million and S\$0.05 million in FY2012, FY2013 and FY2014 respectively. Our sundry income accounted for approximately 2.1%, 0.2% and 12.2% of our other operating income in FY2012, FY2013 and FY2014 respectively.

Distribution Costs

Our distribution costs comprised mainly commissions paid to property agents, advertising and promotional expenses, and carriage outwards. Our distribution costs amounted to approximately S\$0.04 million, S\$0.08 million and S\$0.03 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 0.1% or less of our total revenue in each of FY2012, FY2013 and FY2014.

Administrative Expenses

Our administrative expenses comprised mainly salaries and bonuses of our employees, directors’ fee, rental of premises, maintenance costs for motor vehicles, and other staff related costs. Our administrative expenses amounted to approximately S\$10.04 million, S\$10.28 million and S\$9.37 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 14.2%, 13.7% and 13.3% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Finance Costs

Our finance costs comprised interest expense incurred on our bank loans, finance leases and a loan from a related party. Our finance costs amounted to approximately S\$0.07 million, S\$0.13 million and S\$0.14 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 0.1%, 0.2% and 0.2% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Other Operating Expenses

Our other operating expenses comprised mainly depreciation expense, bank charges, and allowance for impairment on account receivables. Our other operating expenses amounted to approximately S\$1.79 million, S\$1.50 million and S\$0.99 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 2.5%, 2.0% and 1.4% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Our allowance for impairment on account receivables amounted to approximately S\$1.16 million, S\$0.78 million and S\$0.33 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 64.8%, 52.0% and 33.3% of our other operating expenses in FY2012, FY2013 and FY2014 respectively.

(1) Offered by the Singapore government from January 2012 to December 2016, Special Employment Credit provides support to businesses that hire local employees aged above 50 and earning up to S\$4,000 per month.

(2) Over the period 2013 to 2015, the Singapore government will co-fund 40% of the wage increases given to Singaporean employees earning a gross monthly wage of not more than S\$4,000.

Our depreciation expense relating to the depreciation of untenanted investment properties and properties, plant and equipment amounted to approximately S\$0.34 million, S\$0.50 million and S\$0.42 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 19.0%, 33.3% and 42.4% of our other operating expenses in FY2012, FY2013 and FY2014 respectively.

Our bank charges amounted to approximately S\$0.21 million S\$0.22 million and S\$0.21 million in FY2012, FY2013 and FY2014 respectively, which accounted for approximately 11.7%, 14.7% and 21.2% of our other operating expenses in FY2012, FY2013 and FY2014 respectively.

Our bad debts written off amounted to approximately S\$0.07 million and S\$0.03 million in FY2012 and FY2014 respectively, which accounted for approximately 3.9% and 3.0% of our other operating expenses in FY2012 and FY2014 respectively. There were no bad debts written off in FY2013.

Income Tax Expense

We are subject to income tax at the applicable statutory corporate tax rate in Singapore.

The following table sets out the statutory corporate tax rate in Singapore and the effective tax rate applicable to our Group for the Period under Review:

	FY2012	FY2013	FY2014
Prevailing statutory corporate tax rate in Singapore (%)	17.0	17.0	17.0
Effective tax rate (%)	17.0	12.1	16.5

Our effective tax rates for FY2013 and FY2014 were lower than the prevailing statutory corporate tax rate of 17.0% in Singapore due mainly to partial tax exemption⁽³⁾, Corporate Income Tax Rebate⁽⁴⁾, and certain income that was not subject to corporate income tax.

Please refer to Appendix D of this Offer Document entitled “Taxation” for further details.

REVIEW OF RESULTS OF OPERATIONS

FY2013 compared to FY2012

Revenue

Our total revenue increased by approximately S\$4.00 million or 5.7%, from approximately S\$70.95 million in FY2012 to approximately S\$74.96 million in FY2013 due mainly to an increase in the revenue from our Distribution Business segment.

Distribution Business

Our revenue from the Distribution Business segment increased by approximately S\$4.00 million or 5.7%, from approximately S\$70.69 million in FY2012 to approximately S\$74.70 million in FY2013. The increase was mainly due to: (i) an overall increase in sales to our retail customers along with the broad based growth of the construction sector in Singapore over the same period; and (ii) higher sales of “CCM” and “CRM” brand of electrical products and accessories.

Property Investment

Our rental income from investment properties increased by approximately S\$2,000 or 0.8%, from approximately S\$256,000 in FY2012 to approximately S\$258,000 in FY2013. The net increase was mainly due to additional rental income from the lease of a newly acquired commercial property located at 9 Tagore Lane #02-06, 9@Tagore, Singapore 787472 in FY2013 which was partially offset by: (i) loss of rental income due to the expiry of the leases in respect of two (2) investment properties located at 5 Dunlop Street, Singapore 209335 and at 8A Admiralty Street, #06-20, Singapore 757440, respectively; and (ii) the loss of rental income resulting from the disposal of the two (2) investment properties located at 5 Dunlop Street, Singapore 209335 and 7 Dunlop Street, Singapore 209337 during FY2013.

(3) A partial tax exemption is given to companies on normal chargeable income of up to S\$300,000 (the first S\$10,000 @ 75% exemption and the next S\$290,000 @ 50% exemption).

(4) A 30% Corporate Income Tax Rebate (capped at S\$30,000 per annum) was granted for each of FY2012, FY2013 and FY2014.

Cost of Sales

Our cost of sales increased by approximately S\$1.83 million or 3.6%, from approximately S\$50.70 million in FY2012 to approximately S\$52.53 million in FY2013, which was generally in tandem with the increase in our revenue over the same period. The increase in our cost of sales was mainly due to an increase in the cost of sales attributable to our Distribution Business segment.

Distribution Business

Our cost of sales of the Distribution Business segment increased by approximately S\$1.83 million or 3.6%, from approximately S\$50.52 million in FY2012 to approximately S\$52.35 million in FY2013. The net increase in our cost of sales of our Distribution Business segment was mainly due to: (i) an increase in the allowance for stock obsolescence of approximately S\$2.38 million due to provision for certain slow-moving stocks of third party brands as we sold more products under our own “CCM” and “CRM” brands; and (ii) an increase in transportation cost of approximately S\$0.40 million relating to overseas purchases of electrical products and accessories. These increases were partially offset by a decrease in our cost of sales which amounted to approximately S\$0.95 million due to cost savings that arose from higher sales of electrical products and accessories under our “CCM” and “CRM” brands during FY2013.

Property Investment

Our cost of sales of the Property Investment segment increased by approximately S\$2,000 or 1.1%, from approximately S\$177,000 in FY2012 to approximately S\$179,000 in FY2013. The net increase was a result of: (i) an increase in interest expense incurred on our property loans of approximately S\$16,000; and (ii) an increase in property tax of approximately S\$11,000, which were partially offset by a decrease in the property management fee and depreciation expense of approximately S\$10,000 and S\$15,000 respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately S\$2.18 million or 10.8%, from approximately S\$20.25 million in FY2012 to approximately S\$22.43 million in FY2013.

Our overall gross profit margin increased by approximately 1.4% from approximately 28.5% in FY2012 to approximately 29.9% in FY2013, which was mainly due to an increase in the gross profit margin of our Distribution Business segment.

The gross profit margin of our Distribution Business segment increased from approximately 28.5% in FY2012 to approximately 29.9% in FY2013, due to higher sales of electrical products and accessories under our “CCM” and “CRM” brands, which generally enjoyed better profit margins, during FY2013.

Other Operating Income

Our other operating income increased by approximately S\$3.66 million or 762.5%, from approximately S\$0.48 million in FY2012 to approximately S\$4.15 million in FY2013. The net increase was a result of: (i) an increase in gain on disposal of investment properties of approximately S\$3.60 million; and (ii) an increase in sponsorship received from our suppliers of approximately S\$0.04 million, which were partially offset by: (i) a decrease in gain on disposal of plant and equipment of approximately S\$4,000; and (ii) a decrease in interest income of approximately S\$5,000.

Distribution Costs

Our distribution costs increased by approximately S\$0.04 million or 100%, from approximately S\$0.04 million in FY2012 to approximately S\$0.08 million in FY2013. The increase was mainly due to an increase in the commission paid to our property agents in FY2013 of approximately S\$0.04 million.

Administrative Expenses

Our administrative expenses increased by approximately S\$0.24 million or 2.4%, from approximately S\$10.04 million in FY2012 to approximately S\$10.28 million in FY2013. The net increase was a result of: (i) an increase in staff related costs of approximately S\$0.25 million; and (ii) an increase in property tax for investment properties completed during FY2013 of approximately S\$0.02 million, which were partially offset by: (i) a decrease in general expenses of approximately S\$0.02 million; and (ii) a decrease in rental expenses of approximately S\$6,000 in FY2013.

Finance Costs

Our finance costs increased by approximately S\$0.06 million or 85.7%, from approximately S\$0.07 million in FY2012 to approximately S\$0.13 million in FY2013. The increase was mainly due to: (i) an increase in the interest expense paid on our bank loans of approximately S\$0.03 million; and (ii) an increase in the interest expense paid on a working capital loan from UMS to Neiken of approximately S\$0.03 million.

Other Operating Expenses

Our other operating expenses decreased by approximately S\$0.29 million or 16.2%, from approximately S\$1.79 million in FY2012 to approximately S\$1.50 million in FY2013. The net decrease was a result of: (i) a decrease in the allowance for impairment on account receivables of approximately S\$0.39 million; and (ii) a decrease in bad debts written off of approximately S\$0.07 million, which were partially offset by an increase in depreciation expense of approximately S\$0.16 million.

Income Tax Expense

Our income tax expense increased by approximately S\$0.28 million or 18.8%, from approximately S\$1.49 million in FY2012 to approximately S\$1.77 million in FY2013.

The increase in our income tax expense was mainly due to a higher profit before income tax achieved in FY2013.

FY2014 compared to FY2013

Revenue

Our total revenue decreased by approximately S\$4.52 million or 6.0%, from approximately S\$74.96 million in FY2013 to approximately S\$70.44 million in FY2014, due mainly to a decrease in the revenue from our Distribution Business segment which was partially offset by an increase in the rental income from our Property Investment segment.

Distribution Business

Our revenue from the Distribution Business segment decreased by approximately S\$4.57 million or 6.1%, from approximately S\$74.70 million in FY2013 to approximately S\$70.13 million in FY2014. The decrease was mainly due to a downward adjustment in the selling prices of most of our electrical products and accessories in FY2014 as part of our Group's strategy to maintain our price competitiveness in the industry and to attract new customers.

Property Investment

Our rental income from investment properties increased by approximately S\$0.06 million or 23.1%, from approximately S\$0.26 million in FY2013 to approximately S\$0.32 million in FY2014. The increase was mainly due to additional rental income from new leases secured during FY2014 in respect of three (3) investment properties located at: (i) 23 New Industrial Road #02-08 Solstice Business Centre, Singapore 536209; (ii) 65 Ubi Road 1 #02-65 Oxley Bizhub, Singapore 408729; and (iii) 5 Soon Lee Street #01-66 Pioneer Point Singapore 627607.

Cost of Sales

Our cost of sales increased by approximately S\$0.57 million or 1.1%, from approximately S\$52.53 million in FY2013 to approximately S\$53.10 million in FY2014.

Distribution Business

Our cost of sales of the Distribution Business segment increased by approximately S\$0.50 million or 1.0%, from approximately S\$52.35 million in FY2013 to approximately S\$52.85 million in FY2014, mainly due to an increase in the sales volume of electrical products and accessories resulting from our downward price adjustment for most of our electrical products and accessories. The increase was partially offset by: (i) a decrease in the allowance for stock obsolescence of approximately S\$2.94 million; and (ii) a decrease in the purchase price of some of our main products as the price of certain raw materials decreased in FY2014 compared to FY2013.

Property Investment

Our cost of sales of the Property Investment segment increased by approximately S\$0.07 million or 40.2%, from approximately S\$0.18 million in FY2013 to approximately S\$0.25 million in FY2014. The increase was mainly due to an increase in depreciation expense, property loan interest and property management fee of approximately S\$0.50 million, S\$0.10 million and S\$0.10 million respectively as a result of three (3) new leases which commenced during FY2014.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately S\$5.08 million or 22.7%, from approximately S\$22.43 million in FY2013 to approximately S\$17.34 million in FY2014.

Our overall gross profit margin decreased by approximately 5.3% from approximately 29.9% in FY2013 to approximately 24.6% in FY2014, which was mainly due to a decrease in the gross profit margin of our Distribution Business segment.

The gross profit margin of our Distribution Business segment decreased from approximately 29.9% in FY2013 to approximately 24.6% in FY2014, mainly due to: (i) an overall increase in the purchase prices of our electrical cables; and (ii) a downward adjustment in the selling prices of most of our electrical products and accessories in FY2014 as part of our Group's strategy to maintain our price competitiveness in the industry and to attract new customers.

Other Operating Income

Our other operating income decreased by approximately S\$3.74 million or 90.2%, from approximately S\$4.15 million in FY2013 to approximately S\$0.41 million in FY2014. The net decrease was a result of a decrease in the gain on disposal of investment properties of approximately S\$3.91 million, which was partially offset by: (i) an increase in gain on disposal of property, plant and equipment of approximately S\$0.09 million; (ii) an increase in government grants of approximately S\$0.04 million; and (iii) an increase in bad debts recovered from customers of approximately S\$0.02 million.

Distribution Costs

Our distribution costs decreased by approximately S\$0.04 million or 57.9%, from approximately S\$0.07 million in FY2013 to approximately S\$0.03 million in FY2014, mainly due to a decrease in the commission paid to our property agents in FY2014.

Administrative Expenses

Our administrative expenses decreased by approximately S\$0.91 million or 8.8%, from approximately S\$10.28 million in FY2013 to approximately S\$9.37 million in FY2014. The net decrease was a result of: (i) no director's fee being payable in FY2014 (compared to a director's fee of S\$1.0 million in FY2013); and (ii) a decrease in rental expenses of approximately S\$0.02 million, which were partially offset by increases in staff salaries, CPF contributions, and staff welfare costs of approximately S\$0.11 million in aggregate.

Finance Costs

Our finance costs increased by approximately S\$2,000 or 1.5%, from approximately S\$134,000 in FY2013 to approximately S\$136,000 in FY2014. The net increase was a result of: (i) an increase in the interest expense paid on a working capital loan extended by UMS to Neiken of approximately S\$10,000; and (ii) an increase in interest expense paid on our finance lease of approximately S\$6,000, which were partially offset by a decrease in the interest expense paid on our bank loans of approximately S\$14,000.

Other Operating Expenses

Our other operating expenses decreased by approximately S\$0.51 million or 34.0%, from approximately S\$1.50 million in FY2013 to approximately S\$0.99 million in FY2014. The net decrease was a result of: (i) a decrease in the allowance for impairment on account receivables of approximately S\$0.45 million; and (ii) a decrease in depreciation of approximately S\$0.08 million, which were partially offset by an increase in bad debts written off of approximately S\$0.03 million.

Income Tax Expense

Our income tax expense decreased by approximately S\$0.58 million or 32.6%, from approximately S\$1.77 million in FY2013 to approximately S\$1.19 million in FY2014.

The decrease in our income tax expense was mainly due to a lower profit before income tax achieved in FY2014.

REVIEW OF FINANCIAL POSITION

A review of our audited combined financial position as at 31 December 2014 is set out below.

Current assets

Our current assets comprised cash and cash equivalents, inventories, trade and other receivables, and other current assets. As at 31 December 2014, our current assets amounted to approximately S\$26.86 million or approximately 55.1% of our total assets.

Our cash and cash equivalents, comprising cash on hand and bank deposits, amounted to approximately S\$3.30 million or approximately 12.3% of our total current assets.

Our inventories, comprising finished goods and goods in transit, amounted to approximately S\$16.27 million or approximately 60.6% of our total current assets.

Our trade receivables, net of an allowance for impairment on trade receivables of approximately S\$1.94 million due to estimated irrecoverable amounts due from our customers, amounted to approximately S\$6.96 million or approximately 25.9% of our total current assets.

Our other receivables and prepayments amounted to approximately S\$0.32 million or approximately 1.2% of our total current assets. Our other receivables and prepayments comprised deposits paid in relation to the rental of premises for our retail branches and electronic payment terminals, advances made to our suppliers mainly in relation to advance purchase orders and prepaid expenses such as prepaid insurance expenses and prepaid property management fees in respect of our investment properties.

Non-current assets

Our non-current assets comprised property, plant and equipment, and investment properties. As at 31 December 2014, our non-current assets were approximately S\$21.87 million or approximately 44.9% of our total assets.

Our property, plant and equipment amounted to approximately S\$6.62 million or approximately 30.3% of our total non-current assets and comprised leasehold properties, freehold properties, motor vehicles and forklifts, furniture and fittings, renovation, office equipment, and machinery and equipment.

Our investment properties amounted to approximately S\$15.25 million or approximately 69.7% of our total non-current assets and comprised leasehold properties, freehold properties and properties under construction.

Current liabilities

Our current liabilities comprised trade payables, other payables and accruals, income tax payable, bank loans due within 12 months, and finance leases due within 12 months. As at 31 December 2014, our current liabilities amounted to approximately S\$11.60 million or approximately 71.8% of our total liabilities.

Our trade payables amounted to approximately S\$7.33 million or approximately 63.2% of our total current liabilities and comprised mainly trade payables owing to third party suppliers of approximately S\$7.05 million and GST payables of approximately S\$0.22 million.

Our other payables and accruals amounted to approximately S\$2.34 million or approximately 20.2% of our total current liabilities, and comprised mainly: (i) other payables to a related party of approximately S\$0.98 million in relation to a working capital loan; (ii) provision for bonus of approximately S\$0.74 million; (iii) accrued operating expenses of approximately S\$0.43 million in relation to accruals for staff salaries; and (iv) CPF contributions, accounting fees, audit fees and other operating expenses, and director's fee payable to our Executive Chairman and CEO, Thomas Lim, of approximately S\$0.12 million.

Our income tax payable amounted to approximately S\$1.02 million or approximately 8.8% of our total current liabilities.

Our bank loans due within 12 months amounted to approximately S\$0.81 million or approximately 7.0% of our total current liabilities. The current portion of our bank loans as at 31 December 2014 bore interest rates ranging from 1.75% to 1.95% per annum, and some of such bank loans were secured over our investment properties and guarantees from our Directors. Please refer to the section entitled "Capitalisation and Indebtedness" and the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for further details.

Our finance leases due within 12 months amounted to approximately S\$0.10 million or approximately 0.8% of our total current liabilities. The current portion of our finance leases as at 31 December 2014 bore interest rates ranging from 5.83% to 5.96% per annum and was secured over our motor vehicles and guarantees from our Directors.

Non-current liabilities

Our non-current liabilities comprised bank loans due after 12 months, finance leases due after 12 months and deferred tax liabilities. As at 31 December 2014, our non-current liabilities amounted to approximately S\$4.55 million or approximately 28.2% of our total liabilities.

Our bank loans due after 12 months amounted to approximately S\$4.32 million or approximately 94.9% of our total non-current liabilities. The non-current portion of our bank loans bore interest rates ranging from 1.75% to 1.95% per annum as at 31 December 2014, and some of such bank loans were secured over our investment properties and guarantees from our Directors. Please refer to the section entitled "Capitalisation and Indebtedness" and the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for further details.

Our finance leases due after 12 months amounted to approximately S\$0.21 million or approximately 4.6% of our total non-current liabilities. The current portion of our finance leases bore interest rates ranging from 5.83% to 5.96% per annum as at 31 December 2014 and was secured over our motor vehicles and guarantees from our Directors.

Our deferred tax liabilities amounted to approximately S\$0.02 million or approximately 0.5% of our total non-current liabilities.

Equity attributable to owners of our Company

As at 31 December 2014, equity attributable to owners of our Company amounted to approximately S\$31.54 million and comprised share capital of approximately S\$8.02 million and accumulated profits of approximately S\$23.52 million.

LIQUIDITY AND CAPITAL RESOURCES

During the Period under Review, we financed our growth and operations through both external and internal sources of funds. External sources of funds comprised mainly borrowings from financial institutions and capital investment from our shareholders. Internal sources of funds comprised cash generated from our Group's operating activities. Our principal uses of cash have mainly been for working capital in respect of our Distribution Business segment, acquisition of investment properties, payment of operating expenses and other capital expenditures.

With regard to our liquidity and capital resources, we would like to highlight the following:

- (i) during FY2014, our Group generated net cash from operating activities of approximately S\$5.94 million;
- (ii) as at 31 December 2014, our Group had net working capital of approximately S\$15.26 million;
- (iii) as at 31 December 2014, our Group had cash and cash equivalents of approximately S\$3.30 million and total bank borrowings and finance leases of approximately S\$5.43 million, which translated to a net gearing ratio (defined as total bank borrowings and finance leases less cash and cash equivalents divided by shareholders' equity) of approximately 0.07 times;
- (iv) as at 31 December 2014, our Group had unutilised banking facilities (excluding term loans for the acquisition of properties) of approximately S\$13.32 million;
- (v) as at the Latest Practicable Date, our Group had unutilised banking facilities (excluding term loans for the acquisition of properties) of approximately S\$13.53 million;
- (vi) as at the Latest Practicable Date, our Group had operating lease commitments of approximately S\$5.73 million which we intend to finance using our cash flows from operations;
- (vii) as at the Latest Practicable Date, our Group had capital commitments relating to outstanding payment for the three (3) newly acquired investment properties amounting to approximately S\$2.36 million for which our Group has already secured bank financing; and
- (viii) as at the date of lodgement of this Offer Document, our Group does not have any material contingent liabilities.

Please also refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Our Directors are of the opinion that after taking into account the cash flows generated from our operations, our banking facilities and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations, our banking facilities and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

A summary of our combined statements of cash flows for FY2012, FY2013 and FY2014 is set out below.

	← Audited →		
	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)
Net cash provided by operating activities	5,922	4,051	5,935
Net cash (used in) / provided by investing activities	(3,211)	1,455	(3,057)
Net cash used in financing activities	(1,864)	(5,466)	(7,164)
Net increase / (decrease) in cash and cash equivalents	847	40	(4,286)
Cash and cash equivalents at the beginning of financial year	6,702	7,549	7,589
Cash and cash equivalents at the end of financial year	7,549	7,589	3,303

FY2012

In FY2012, we generated net cash from operating activities of approximately S\$5.92 million, which was a result of operating cash flows before changes in working capital of approximately S\$10.41 million, net working capital outflows of approximately S\$2.86 million, interest received of approximately S\$5,000, tax refund of approximately S\$0.02 million and income tax paid of approximately S\$1.64 million. The net working capital outflows were mainly due to an increase in inventories of approximately S\$4.16 million and a decrease in trade payables of approximately S\$0.59 million, partially offset by a decrease in trade and other receivables of approximately S\$1.16 million and an increase in other payables and accruals of approximately S\$0.72 million.

In FY2012, our net cash used in investing activities amounted to approximately S\$3.21 million mainly due to progress payments for investment properties of approximately S\$3.74 million and purchase of properties, plant and equipment of approximately S\$1.12 million, partially offset by proceeds from disposal of property, plant and equipment of approximately S\$0.04 million and proceeds from disposal of investment properties of approximately S\$1.61 million.

In FY2012, our net cash used in financing activities amounted to approximately S\$1.86 million mainly due to payment of dividends of approximately S\$4.80 million and repayment of our bank borrowings of approximately S\$1.00 million, partially offset by proceeds from bank borrowings of approximately S\$3.97 million.

As a result of the above, our cash and cash equivalents increased by approximately S\$0.85 million, from approximately S\$6.70 million as at 31 December 2011 to approximately S\$7.55 million as at 31 December 2012.

FY2013

In FY2013, we generated net cash from operating activities of approximately S\$4.05 million, which was primarily a result of operating cash flows before changes in working capital of approximately S\$14.72 million, net working capital outflows of approximately S\$9.10 million and income tax paid of approximately S\$1.57 million. The net working capital outflows were mainly due to an increase in inventories of approximately S\$7.20 million, an increase in trade receivables of approximately S\$1.45 million and a decrease in trade payables of approximately S\$0.71 million, partially offset by an increase in other payables and accruals of approximately S\$0.06 million and a decrease in other receivables and prepayments of approximately S\$0.21 million.

In FY2013, our net cash generated from investing activities amounted to approximately S\$1.46 million mainly due to proceeds from disposal of investment properties of approximately S\$7.52 million and proceeds from disposal of plant and equipment of approximately S\$0.05 million, partially offset by progress payments for investment properties of approximately S\$5.40 million and purchases of property, plant and equipment of approximately S\$0.71 million.

In FY2013, our net cash used in financing activities amounted to approximately S\$5.47 million mainly due to payment of dividends of approximately S\$7.45 million and repayment of our bank borrowings of approximately S\$3.68 million, partially offset by proceeds from bank borrowings of approximately S\$4.73 million and proceeds from loans provided by a director and a related party which amounted to approximately S\$1.00 million.

As a result of the above, our cash and cash equivalents increased by approximately S\$0.04 million, from approximately S\$7.55 million as at 31 December 2012 to approximately S\$7.59 million as at 31 December 2013.

FY2014

In FY2014, we generated net cash from operating activities of approximately S\$5.93 million, which was primarily a result of operating cash flows before changes in working capital of approximately S\$7.77 million, net working capital outflows of approximately S\$0.01 million and income tax paid of approximately S\$1.82 million. The net working capital outflows were mainly due to a decrease in trade payables of approximately S\$1.35 million, a decrease in other payables and accruals of approximately S\$1.11 million, an increase in other receivables of approximately S\$0.17 million and an increase in inventories of approximately S\$0.57 million, partially offset by a decrease in trade receivables of approximately S\$3.18 million.

In FY2014, our net cash used in investing activities amounted to approximately S\$3.06 million mainly due to payments for investment properties of approximately S\$2.76 million and purchases of property, plant and equipment of approximately S\$0.43 million, partially offset by proceeds from disposals of property, plant and equipment of approximately S\$0.14 million.

In FY2014, our net cash used in financing activities amounted to approximately S\$7.16 million mainly due to payment of dividends of approximately S\$10.80 million, repayment of our bank borrowings and finance leases of approximately S\$3.33 million, interest paid of S\$0.06 million and repayment of a loan from a director of approximately S\$0.98 million, partially offset by proceeds from the issuance of shares of approximately S\$5.52 million and proceeds from bank loans of approximately S\$2.49 million.

As a result of the above, our cash and cash equivalents decreased by approximately S\$4.29 million, from approximately S\$7.59 million as at 31 December 2013 to approximately S\$3.30 million as at 31 December 2014.

CAPITAL EXPENDITURES, DIVESTMENTS AND COMMITMENTS

Our major capital expenditures and divestments in FY2012, FY2013 and FY2014, and for the period from 1 January 2015 up to the Latest Practicable Date are set out below:

Capital Expenditures

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Properties used for operations	925	577	—	—
Motor vehicles and forklifts	18	—	500	106
Machinery and equipment	85	—	—	—
Office equipment	34	35	40	42
Furniture and fittings	3	8	178	—
Renovation	55	93	47	21
Investment properties	3,991	5,664	2,253	684
Total	5,111	6,377	3,018	853

In FY2012, we incurred capital expenditures of approximately S\$5.11 million which mainly arose from:

- (a) the acquisition of five (5) investment properties located at (i) 421 Tagore Industrial Avenue #01-22, Tagore 8, Singapore 787805; (ii) 421 Tagore Industrial Avenue #01-23, Tagore 8, Singapore 787805; (iii) 8B Admiralty Street #01-06, 8B@Admiralty, Singapore 757440; (iv) 421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805; and (v) 8B Admiralty Street #01-07, 8B@Admiralty, Singapore 757440;
- (b) progress payments for eight (8) investment properties under construction located at: (i) 23 New Industrial Road #02-08, Solstice Business Centre, Singapore 536209; (ii) 2 Kallang Avenue #07-31 Singapore 339407; (iii) 65 Ubi Road 1 #02-65 Oxley Bizhub, Singapore 408729; (iv) 9 Tagore Lane #02-07, 9@Tagore, Singapore 787472; (v) 9 Tagore Lane #03-16, 9@Tagore, Singapore 787472; (vi) 9 Tagore Lane #02-06, 9@Tagore, Singapore 787472; (vii) 5 Soon Lee Street #01-66, Pioneer Point, Singapore 627607; and (viii) 5 Soon Lee Street #01-67, Pioneer Point, Singapore 627607; and
- (c) progress payment for two (2) properties under construction for our operational use located at (i) 3 Soon Lee Street #01-09, Pioneer Junction, Singapore 627607; and (ii) 9 Tagore Lane #01-16, 9@Tagore, Singapore 787472.

In FY2013, we incurred capital expenditures of approximately S\$6.38 million which mainly arose from:

- (a) progress payments for ten (10) investment properties under construction located at: (i) 23 New Industrial Road #02-08, Solstice Business Centre, Singapore 536209; (ii) 2 Kallang Avenue #07-31 Singapore 339407; (iii) 65 Ubi Road 1 #02-65 Oxley Bizhub, Singapore 408729; (iv) 5 Soon Lee Street #01-66, Pioneer Point, Singapore 627607; (v) 5 Soon Lee Street #01-67, Pioneer Point, Singapore 627607; (vi) 421 Tagore Industrial Avenue #01-22, Tagore 8, Singapore 787805; (vii) 421 Tagore Industrial Avenue #01-23, Tagore 8, Singapore 787805; (viii) 8B Admiralty Street #01-06, 8B@Admiralty, Singapore 757440; (ix) 421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805 and (x) 8B Admiralty Street #01-07, 8B@Admiralty, Singapore 757440; and
- (b) progress payment for a property under construction for our operational use located at 3 Soon Lee Street #01-09, Pioneer Junction, Singapore 627607.

In FY2014, we incurred capital expenditures of approximately S\$3.02 million which mainly arose from:

- (a) progress payments for five (5) investment properties under construction located at: (i) 5 Soon Lee Street #01-66, Pioneer Point, Singapore 627607; (ii) 5 Soon Lee Street #01-67, Pioneer Point, Singapore 627607; (iii) 421 Tagore Industrial Avenue #01-22, Tagore 8, Singapore 787805; (iv) 421 Tagore Industrial Avenue #01-23, Tagore 8, Singapore 787805; and (v) 421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805; and
- (b) the acquisition of four (4) motor vehicles for the replacement of old motor vehicles which we disposed.

Our acquisition of investment properties were financed using a combination of cash flows from operations and property loans from financial institutions.

Divestments

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Properties used for operations	—	—	—	—
Motor vehicles and forklifts	—	10	6	—
Machinery and equipment	—	—	—	—
Office equipment	—	1	1	—
Furniture and fittings	—	—	—	—
Renovation	—	—	—	—
Investment properties	1,302	3,612	—	—
Total	1,302	3,623	7	—

In FY2012, we disposed two (2) investment properties located at: (i) 100D Pasir Panjang #03-02, Singapore 118520; and (ii) 100D Pasir Panjang #03-03, Singapore 118520.

In FY2013, we disposed four (4) investment properties located at: (i) 2 Kallang Ave #07-31 Singapore 339407; (ii) 5 Dunlop Street Singapore 209335; (iii) 7 Dunlop Street Singapore 209337; and (iv) 8A Admiralty Street #06-20 Food Xchange @ Admiralty Singapore 757437.

In FY2014, we disposed motor vehicles and forklifts with an aggregate net book value of approximately S\$6,000.

Commitments

Capital commitments

As at the Latest Practicable Date, we had capital commitments amounting to approximately S\$2.36 million relating to outstanding payment in respect of our acquisition of three (3) investment properties located in a light industrial development at #01-22, #01-23 and #01-29, 421 Tagore Industrial Avenue, Tagore 8, Singapore 787805. As at the Latest Practicable Date, we have secured property loans to finance the payment for these investment properties.

Operating lease commitments – payables

We lease a building and units from non-related third parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. Please refer to the section entitled “General Information on our Group – Properties and Fixed Assets” for details of our leased properties.

We intend to finance our operating lease commitments through internally generated funds. Our future minimum lease payables under non-cancellable operating leases as at 31 December 2012, 2013 and 2014 and as at the Latest Practicable Date are as follows:

	As at 31 December 2012 (S\$'000)	As at 31 December 2013 (S\$'000)	As at 31 December 2014 (S\$'000)	As at the Latest Practicable Date (S\$'000)
Not later than one (1) year	438	398	517	496
Later than one (1) year and not later than five (5) years	741	700	980	942
Later than five (5) years	4,136	4,247	4,353	4,294
Total	5,315	5,345	5,850	5,732

Our operating lease payables represent rentals payable by us for the land, office and retail branches. The leases are negotiated for terms of between two (2) to 60 years with an option to extend for one (1) to two (2) years from the expiry of the lease terms. Rental amounts are fixed for the first year and are subject to annual revision which will be carried out based on the market rate prevailing on the respective revision dates. The operating lease commitments estimated above were determined assuming the same rental expense fixed in the first year continues for the remaining terms of lease.

Operating lease commitments – receivables

We lease out certain of our investment properties to non-related third parties under non-cancellable operating leases. The lessees are required to pay lease rentals which are subject to periodic rent revisions based on the terms of the lease agreements.

Our future minimum lease receivables under non-cancellable operating leases as at 31 December 2012, 2013 and 2014 and as at the Latest Practicable Date are as follows:

	As at 31 December 2012 (S\$'000)	As at 31 December 2013 (S\$'000)	As at 31 December 2014 (S\$'000)	As at the Latest Practicable Date (S\$'000)
Not later than one (1) year	240	123	227	409
Later than one (1) year and not later than five (5) years	128	2	261	334
Total	368	125	488	743

Our operating lease receivables are negotiated for a fixed term of one (1) to three (3) years. The operating lease commitments estimated above are determined by using the revision rates as indicated in the lease agreements for the remaining lease term.

INFLATION

During the Period under Review, our financial performance was not materially affected by inflation.

SEASONALITY

Generally, our business is not subject to any significant seasonal fluctuations that will affect our operations and business. However, our revenue from the Distribution Business segment may not be uniform throughout the year due to periods such as the Chinese New Year season.

FOREIGN EXCHANGE MANAGEMENT

Accounting treatment of foreign currencies

The accounting records of our Group are maintained in S\$ and our functional currency is S\$. Transactions in foreign currencies are recorded at exchange rates approximating those prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into S\$ at exchange rates approximating those prevailing at the end of the reporting period. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

Foreign exchange exposure

Our reporting currency is in S\$ and our operations are primarily carried out in Singapore. The proportions of our revenue, purchases and expenses are denominated and transacted in S\$, US\$, HKD, EUR and GBP for each of FY2012, FY2013 and FY2014 as follows (where applicable):

Percentage of revenue denominated in	FY2012 (%)	FY2013 (%)	FY2014 (%)
S\$	100	100	100
Total	100.0	100.0	100.0

Percentage of purchases denominated in	FY2012 (%)	FY2013 (%)	FY2014 (%)
S\$	98.34	96.57	94.72
US\$	1.65	3.00	5.11
HKD	0.01	0.01	0.00
EUR	0.00	0.04	0.04
GBP	0.00	0.38	0.13
Total	100.0	100.0	100.0

Percentage of expenses denominated in	FY2012 (%)	FY2013 (%)	FY2014 (%)
S\$	100	100	100
Total	100.0	100.0	100.0

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and payment, we will be exposed to adverse fluctuations of US\$, HKD, EUR and GBP against S\$, which could adversely affect our earnings.

Our net foreign exchange exposure for each of FY2012, FY2013 and FY2014 were as follows:

	FY2012	FY2013	FY2014
Net foreign exchange gain (S\$'000)	1	14	3
As a percentage of profit before income tax (%)	0.01	0.10	0.04

At present, we do not have a formal hedging policy against foreign exchange exposure given that the volume of our operations outside of Singapore is not significant and in most circumstances, the payments and receipts are denominated in the same currency. We may, however, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations if we deem the foreign exchange risk to be significant.

In addition, should we establish any formal hedging policy in the future, such policy shall be subject to the review and approval by our Board prior to implementation. Our Audit Committee will periodically review the hedging policies, all types of instruments used for hedging as well as the foreign exchange policies and practices of our Group.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during the Period under Review. The accounting policies have been consistently applied by our Group.

Please refer to the Independent Auditors' Report as set out in Appendix A of this Offer Document for details on our accounting policies.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Independent Auditors' Report as set out in Appendix A of this Offer Document and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document.

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 31 December 2014:

- (i) based on our audited combined financial statements as at 31 December 2014;
- (ii) based on our unaudited management accounts as at 1 May 2015; and
- (iii) based on our unaudited management accounts as at 1 May 2015, as adjusted for the estimated expenses incurred by our Company in relation to the Invitation ("**As Adjusted**").

	As at 31 December 2014 Audited (S\$'000)	← As at 1 May 2015 → Unaudited (S\$'000)	As Adjusted (S\$'000)
Cash and cash equivalents	3,303	5,218	5,218
Indebtedness			
Current			
- secured and guaranteed	724	684	684
- secured and non-guaranteed	184	200	200
- unsecured and guaranteed	—	—	—
- unsecured and non-guaranteed	1,100	1,128	1,128
Non-current			
- secured and guaranteed	3,105	3,347	3,347
- secured and non-guaranteed	1,422	1,606	1,606
Total indebtedness	6,535	6,965	6,965
Total shareholders' equity⁽¹⁾	31,544	32,734	32,428
Total capitalisation and indebtedness	38,079	39,699	39,393

Note:

- (1) Excludes non-controlling interests

Cash and credit facilities

As at the Latest Practicable Date, our total credit facilities were as follows:

Nature of facility	Facilities granted S\$'000	Utilised S\$'000	Unutilised S\$'000	Interest rates (%)	Maturity profile
Term loans ⁽¹⁾	15,152	6,419	8,733	1.85 to 2.41	6 to 180 months
Overdraft	2,000	—	2,000	5.00	Repayment on demand
US\$ overdraft ⁽²⁾	650	—	650	3.75	Repayment on demand
Letters of credit	2,000	—	2,000	2.59	4 months
Trust receipts	2,000	—	2,000	2.59	4 months
Performance guarantee	200	35	165	1.50	—
Credit card	340	—	340	—	—
Total	22,342	6,454	15,888		

Notes:

- (1) The term loans which were granted to our Group by UOB and FEB consist of approximately: (i) S\$2.36 million for financing the acquisition of properties; and (ii) S\$6.37 million for general working capital purposes. The term loans of CCM are secured by, *inter alia*, legal charges over the properties, and joint and several personal guarantees by Thomas Lim and Rocky Lim.
- (2) The US\$ overdraft facility comprises a facility amount of US\$500,000 denominated in US\$ and is presented above based on an exchange rate of US\$1 : S\$1.3, purely for illustrative purposes only.

Please refer to the sections entitled “General Information on our Group – Properties and Fixed Assets” and “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details on the respective charges over our properties as well as the guarantees provided by the Interested Persons.

As at the Latest Practicable Date, we had cash and cash equivalents of approximately S\$8.00 million.

As at the Latest Practicable Date, to the best of our Directors’ knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position or financial results or business operations.

Contingent liabilities

As at the Latest Practicable Date, and to the best of our knowledge, information and belief, we are not aware of any contingent liabilities which may have a material effect on the financial position or profitability of our Group.

Save as disclosed in this Offer Document, our Group has no other borrowings or indebtedness (direct and indirect) or liabilities (including contingent liabilities) as at the Latest Practicable Date.

GENERAL INFORMATION ON OUR GROUP

HISTORY AND DEVELOPMENT

Our Company was incorporated in Singapore on 5 September 2014 under the name “Choo Chiang Holdings Pte. Ltd.” as a private limited company under the Companies Act. On 24 June 2015, our Company was converted into a public company limited by shares and our name was changed to “Choo Chiang Holdings Ltd.”.

The founder of our Group, and Executive Chairman and CEO, Thomas Lim, started his career in the electrical products retail business more than 40 years ago when he worked as a shop assistant in a business selling electrical products and appliances. Subsequently, in 1977, Thomas Lim ventured out with a business partner to establish a partnership named Choo Chiang Electrical Trading Service to carry on the trading and retail of electrical products, appliances and accessories. During this period, our Executive Director and the brother of Thomas Lim, Rocky Lim, joined the business as an employee. In 1988, Thomas Lim and his business partner mutually agreed to part ways and Thomas Lim took over the business as its sole-proprietor. It was through these initial years in the business that Thomas Lim and Rocky Lim honed their technical skills and business acumen, as well as established invaluable business contacts in the electrical products retail industry.

In 1991, Thomas Lim decided to corporatise the business and CCM was set up in July 1991. The initial shareholders of CCM were Thomas Lim and his brother-in-law, Foo Ah Loy. Rocky Lim subsequently became a shareholder of CCM in place of Foo Ah Loy.

At the point of incorporation of CCM in 1991, the business operated out of a retail outlet at Dunlop Street and a retail outlet / warehouse situated in Ang Mo Kio. In the same year, CCM secured an appointment as a local distributor for the *Clipsal*, *Legrand* and *MK* brands of products which at that time were mainly switch products.

In March 1993, CCM set up our retail branch in Toa Payoh.

In 1995, CCM was appointed by Hager Electro Systems Pte Ltd as a local distributor for its products.

The business of CCM continued to grow steadily over the years and CCM continued to set up more retail branches, with our Sims Avenue retail branch being inaugurated in October 1997, our Woodlands retail branch in July 2000, our Bendemeer and Pioneer retail branches in March 2001 and November 2001 respectively, our Rowell retail branch in June 2002 and our Toh Guan retail branch in May 2007.

In February 2001, with a view to improve our inventory management across our retail branches and to align our purchases with our stock level and customer demand, we implemented a computerised invoicing system. We believe that we are one of the first retailers and distributors of electrical products and accessories in Singapore to implement such a system.

With the continued expansion in business volume and scope of operations, CCM also acquired its own warehouse premises in Woodlands in September 2002.

In 2004, we first ventured into designing and carrying our own brands of electrical products and accessories which we started to engage third party contract manufacturers to produce for us based on our specifications and/or on an OEM basis, starting with our “CCM” brand and subsequently our “CRM” brand. Through the years, we have continued to grow our sales and expand our product range under our “CCM” and “CRM” brands.

In June 2006, we were appointed as an authorised dealer of *Philips* brand light bulbs. In December 2006, we were appointed as an authorised dealer of *KDK* brand fans.

In December 2009, Thomas Lim and Rocky Lim invested a 50% stake in Neiken, a Singapore incorporated company that carries on the business of trading in electrical products and accessories, and which at that time focused on the sale of the *Neiken* brand of switches. Neiken currently operates a retail branch outlet located at Tagore Lane. The remaining 50% shareholding in Neiken is held by UMS, a subsidiary of UMS-Neiken Group Berhad which is a Malaysian company listed on the Bursa Malaysia.

In 2011, we took active steps to promote and ramp up the sales of our “CCM” and “CRM” brand of electrical products and accessories. Through such focused approach, the sales of our “CCM” and “CRM” brand of electrical products and accessories grew significantly in 2012 and 2013.

In end 2014, in anticipation of the proposed listing of our Group, our Group carried out a restructuring pursuant to which our Company was set up to be the holding company of CCM. Pursuant to such restructuring, our Company also acquired the 50% shareholding stake in Neiken held by Thomas Lim and Rocky Lim. Further details of such restructuring are set out in the section entitled “Restructuring Exercise” of this Offer Document.

Following the completion of the aforesaid restructuring in end 2014, Rhodus invested in our Company by way of subscription of 480,000 new Shares (before the Share Split) for a consideration of S\$5,300,000.

BUSINESS OVERVIEW

Our Group is one of the leading retailers and distributors of electrical products and accessories in Singapore, having had a retail presence of more than 20 years in Singapore.

We are principally engaged in the retail, distribution and supply of an extensive range of electrical products and accessories through our nine (9) retail branches (including the retail branch operated by Neiken) which are strategically located across different parts of Singapore. Please refer to the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document for more information on our retail branches.

We carry third party brand electrical products and accessories which we source from manufacturers based in France, Germany, Japan, the Netherlands and/or their Singapore-based distributors. Some of the notable brands of third party products that we distribute at our retail branches include *Hager*, *Legrand*, *Schneider*, *MK*, *Philips*, *KDK* and *Bosch*.

Apart from third party products, we also carry our own range of “CCM” and “CRM” brand of electrical products and accessories. We engage third party contract manufacturers to manufacture such proprietary range of products on our behalf based on our specifications and/or on an OEM basis.

We have a wide customer base in Singapore which primarily comprises electrical contractors, interior designers and walk-in customers at our retail branches. Most of the electrical contractors and interior designer customers are repeat customers whom we typically grant credit terms to after they are subject to a formal credit evaluation by our credit control team. The walk-in customers generally comprise individuals or other persons who purchase items at our retail branches on a cash sales basis. None of our customers accounted for five per cent. (5.0%) or more of our total sales for each of the past three (3) financial years.

Our sales are carried out directly at our retail branches or based on orders received from our customers. As at the Latest Practicable Date, we operate a fleet of approximately 20 delivery trucks and vans for the delivery of purchased products to our customers or their relevant worksites as well as for moving stock from our Warehouse to our various retail branches.

In addition, our Group from time to time acquires, disposes and holds commercial and industrial properties for investment purposes. As at the Latest Practicable Date, we own 13 investment properties, of which most have been rented out to third parties and from which our Group derives rental income. Further details of our investment properties are set out in the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document.

OUR PRODUCTS

The electrical products and accessories carried by our Group can be broadly categorised as set out below:

(a) Electrical cables and cable accessories

We carry a broad range of electrical cables for various uses, such as for use in industrial and residential settings, as well as for use with computer systems and electronic products. The types of cables for the various uses are made of different materials and can be installed with different cable accessories or encased in PVC.

The cable accessories that we carry include enclosures and junction boxes that are used to contain electrical connections, which serve to protect such connections, conceal the electrical cables from sight and deter tampering. Different cable accessories are designed to be used with different types of cables.

Our range of electrical cables and cable accessories can be broadly described as follows:

	Product	Key Brands	Description
(i)	Power cables	<i>HT Furukawa Keystone Mastertec Sigma Smart Cable Unicable XILE</i>	Electrical cables, typically with an outer sheath made of PVC, which are used for the transmission of electrical power in light fittings, and also in switches and control equipment. They can be installed in conduits, cable trunkings and on cable trays.
(ii)	Neoprene cables	<i>CCM</i>	Electrical cables with an outer sheath made of neoprene, which resists degradation more than natural or synthetic rubber. It is ideal for power transmission in both fixed installations and mobile services.
(iii)	Armoured cables	<i>Keystone Sigma UMS Unicable XILE</i>	A type of electrical cable protected with wire mesh that is used to transmit and distribute power in power transmission and distribution systems. The wire mesh armour provides mechanical protection, which means the cable can withstand higher stresses, be buried directly and be used in external or underground projects.
(iv)	Communication cables	<i>3M CCM CRM Holdkey Keystone Legrand Schneider</i>	Electrical cables used for the transmission of information signals between geographically separated points, including the communication of data such as gigabit Ethernet, broadband video, and fast Ethernet.
(v)	Flexible cables	<i>CCM CRM Global Keystone NKS</i>	Electrical cables specially designed to cope with tight bending radii and physical stress associated with moving applications, typically used for portable devices, mobile tools and machinery, which require repeated movement. Their flexibility allows them to be shipped to installation sites by being wound on reels or drums.

	Product	Key Brands	Description
(vi)	IP56 weatherproof PVC enclosure box	<i>CCM</i> <i>PVC Link</i>	Dust and weatherproof cabinets for electrical or electronic equipment that have high impact strength, and also high temperature and chemical resistance, to prevent electrical shocks to equipment users as well as protect the enclosed equipment from the environment.
(vii)	GI knock-out box	<i>CCM</i>	Corrosion resistant electrical enclosures with partially stamped openings, or “knock-outs”, that allow quick entry of a wire, cable or pipe via connectors or fitting into the interior.
(viii)	Junction boxes	<i>CCM</i> <i>PVC Link</i>	A container for electrical connections, usually intended to conceal them from sight and to deter tampering. These are weatherproof, shock resistant and halogen-free with soft sealing entry membranes. They form an integral part of a circuit protection system where circuit integrity has to be provided.

(b) Light switches, circuit breakers and accessories

We offer various designs of light switches, circuit breakers and accessories, including brands such as *Hager, Legrand, MK, Neiken and Schneider Electric*.

The light switch accessories include PVC base boxes that are commonly used as a base for the switches and sockets that are being installed in residential and industrial areas. We carry the *CCM* and *C.H.W.* brands of PVC boxes.

(c) Lightning accessories

Our range of lightning accessories can be broadly described as follows:

	Product	Key Brands	Description
(i)	Earth rod	<i>CCM</i>	Mechanically clad copper coated grounding rod made when an electrolytic grade 99.9% copper tube with a wall thickness of 250 microns is clad to a low carbon steel rod. It is an array of electrodes installed in the ground to provide a low resistance electrical path to the ground or earth, and is a component in an earthing system.
(ii)	Aluminium/Copper tape	<i>CCM</i> <i>Kingsmill</i>	Flat tapes bent in one plane only and have a low profile, making them good for maintaining a visually straight line for down conductors, where they are used for structural lightning protection systems.
(iii)	Electricity earthing chamber	<i>CCM</i>	An inspection pit that allows easy access to earthing connections, facilitating periodic inspection of the connections for corrosion and regular maintenance, to ensure the safety of personnel and equipment from earth fault currents and the high currents injected into the earth by a lightning protection system.

(d) **Trunking and pipes**

Trunkings are electrical wireways, generally rectangular in cross-section with removable lids. Our range of trunking and pipes can be broadly described as follows:

	Product	Key Brands	Description
(i)	Metal trunking	<i>CCM</i> <i>EGA</i>	Steel surface cable trunking and accessories. Trunking designed to fit all types of surface, wiring or industrial use (building or construction). Manufactured from specially formulated cold rolled steel or hotly galvanised steel.
(ii)	PVC trunking	<i>CCM</i> <i>CRM</i> <i>Greenland</i> <i>Litaflex</i>	Trunkings designed to fit all types of surface wiring systems for both indoor and outdoor use. Manufactured from specially formulated PVC in order to meet domestic market requirements.
(iii)	GI pipe	<i>EGA</i> <i>Panasonic</i>	Pipes suitable for outdoor use which requires high levels of corrosion protection, and recommended for use in areas with high humidity, chemical plants and areas near the coast. Generally used for the supply of water, gas, steam and compressed air.
(iv)	High impact PVC pipe	<i>CCM</i> <i>Greenland</i> <i>Litaflex</i>	Manufactured from specially formulated PVC in order to meet domestic market requirements, which is an effective substitute for copper, stainless steel, glass and other traditional pipe materials. These pipes withstand high pressures, and feature excellent electrical and chemical properties and are non-conductive and not subject to corrosion.
(v)	GI flexible pipe	<i>CCM</i>	Manufactured from electro-galvanised steel.
(vi)	PVC coated GI flexible pipe	<i>CCM</i>	Pipes manufactured from electro-galvanised steel with PVC sheath.
(vii)	PVC flexible pipe	<i>CCM</i>	Non-fire retardant grade flexible pipes made from high density polyethylene material, which enables fast, easy piping and installation of wires.
(viii)	PVC carpet trunking	<i>CCM</i>	Constructed from specially formulated high impact PVC with distinctive design features that provide safe and secure cable management at all times.
(ix)	Cable tray	<i>CCM</i> <i>EGA</i>	Trays used to support heavy pipes, tubes and cables under diverse conditions. These are also good frame structures for control panels and switchgears, and are designed to be easily installed.

(e) **Air-conditioner accessories**

We carry a range of accessories to be used in connection with air-conditioning systems, as follows:

	Product	Key Brands	Description
(i)	Air-conditioner copper pipe	–	Copper pipes suitable for use as refrigerant lines in air-conditioners only, offering a high level of corrosion resistance.

	Product	Key Brands	Description
(ii)	Rubber insulation	<i>Aeroflex</i>	A flexible, closed cell and lightweight elastic material designed for insulating liquid cooling and heating lines. An ideal insulation for frost control on cold water plumbing. It prevents heat gain and condensation problems on chilled water and refrigerant pipelines, and also prevents heat loss from hot water plumbing, liquid and dual temperature piping.
(iii)	Refrigerant R22, R410A and R404A	–	A commonly used compound refrigerant. R22 is typically used in air-conditioner systems while R410A is typically used in inverter air-conditioner systems. R404A is used in cold-storage cells, supermarket display cases and ice machines.
(iv)	A-400 Alkaline chemical cleaning solution	–	A powerful alkaline liquid cleaner specially designed for the rapid wetting penetration and removal of dirt, oily grime, grease and industrial pull out impurities commonly found in air-conditioner cooling systems.

(f) **Light fixtures and accessories**

We stock a range of light fixtures and accessories that can be broadly described as follows:

	Product	Key Brands	Description
(i)	Light bulbs and exit lightings	<i>GE Lighting</i> <i>Maxspid</i> <i>Osram</i> <i>Panasonic</i> <i>Philips</i> <i>PNE</i> <i>Samcom</i> <i>Tungsrarn</i>	The types of light bulbs we carry include various designs to suit customers. We also carry various designs of exit lightings (namely exit signs fitted with a light fixture).
(ii)	Mirror reflection fitting	<i>CCM</i> <i>CRM</i> <i>YLI</i>	Light fittings for recess mounting. The curved aluminium mirror optic louver ensures even light distribution and glare is minimised. The housing is made from high-grade materials and finished in white powder coating for durability. The fitting is suitable for general lighting in offices and supermarkets.
(iii)	Weatherproof fitting	<i>CCM</i>	Weatherproof fittings for lights with natural silicon gel gasket used in the housing, stainless steel clips for locking and weatherproof cable glands on the side of the housing to ensure good waterproofing.

(g) **Ventilating fans, wall-mounted fans and ceiling fans**

We supply different types of ventilating fans, wall-mounted fans and ceiling fans. The key brands that we carry are *Elmark*, *KDK* and *Mistral*.

(h) **Power drills and handheld tools**

We offer different types of *Bosch* power drills and handheld tools.

PROCUREMENT AND SOURCING

We have a purchasing team led by our Purchasing Manager, Andy Tay, with six (6) other employees as at the Latest Practicable Date. The purchasing team reports to our General Manager, Wilson Foo. Our General Manager and Purchasing Manager are the key persons who oversee our Group's dealings with our suppliers. In addition, our Executive Directors, Thomas Lim and Rocky Lim, provide direction and help maintain our Group's relationship with the key representatives of our suppliers.

Our purchasing team is responsible for placing orders with our suppliers to ensure that the requisite stock is replenished on a timely basis. We have a computerised invoicing system which enables us to track our inventory and sales. In addition, we also have a computerised stock monitoring system which prompts us if stock levels fall below a minimum pre-set level. With these systems, our purchasing team is able to ensure healthy levels of stock to meet our customers' demand. Our purchasing team is also responsible for negotiating the terms and pricing for the orders placed with our suppliers.

We are constantly on the look-out to broaden the range of our "CCM" and "CRM" brand products. Based on market trends and consumer preferences, our purchasing team together with our General Manager, Wilson Foo, would source for appropriate third party contract manufacturers to produce such additions to our existing line of "CCM" and "CRM" brand products based on our specifications and/or on an OEM basis. All of our third party contract manufacturers are based in the PRC, Malaysia, Singapore and India, and our General Manager, Wilson Foo, and Purchasing Manager, Andy Tay, would visit the factories of the third party contract manufacturers on a quarterly or more frequent basis as required to inspect their factories, monitor the manufacture of our products and to maintain a good working relationship. Our purchasing team would be responsible for liaising with our third party contract manufacturers on our orders.

We are one of the largest and leading suppliers and retailers of electrical products and accessories in Singapore. Whenever there are new products in the market, we believe that we are one of the first to receive enquiries from the manufacturers of such products with regard to the distribution of these new products in Singapore through us. In this regard, if we decide to carry such new products, our purchasing team would follow up with such manufacturers for the supply of the products.

SALES AND MARKETING

We are one of the leading retailers and distributors of electrical products and accessories in Singapore and have a wide network of retail branches. We have a very large customer base comprising mainly electrical contractors, interior designers and walk-in customers at our retail branches. A large proportion of the electrical contractors and interior designers are repeat customers of our Group and our Group cultivates and maintains relationships with these customers through the sales staff at our retail branches who are responsible for their accounts. As at the Latest Practicable Date, we have a sales team of 58 employees.

In addition, we carry out regular in-store promotional activities such as the giving of discounts and free gifts for our walk-in customers.

QUALITY CONTROL AND ASSURANCE

We have established a quality control and assurance system to ensure consistency in the quality of the products we supply.

(a) Incoming products delivered by our suppliers

Upon the receipt of products from our suppliers at our Warehouse, we will cross-check them against the delivery order provided by our suppliers. Thereafter, we will carry out sample checks to ensure that the correct products and the technical specifications are met. In the event of any discrepancy in the quantity or quality of the products delivered to us or if the products do not conform to the specifications stated in the delivery order, such products will be rejected and returned to our suppliers.

(b) “CCM” and “CRM” brand products

We work with third party contract manufacturers in the PRC, Malaysia, Singapore and India to manufacture our “CCM” and “CRM” brand products based on our specifications and/or on an OEM basis. In identifying the third party contract manufacturers we work with, we would take into account various factors including an inspection of their factory premises by our General Manager and Purchasing Manager to understand their manufacturing capability, examining the quality of the products manufactured by them, requiring them to fabricate a prototype of our product and price and cost considerations. We would also conduct visits on a quarterly or more frequent basis to inspect their factories and monitor the manufacture of our products. On delivery of the finished products to our Warehouse, we may send certain types of products to be certified in accordance with the requisite safety certifications.

RESEARCH AND DEVELOPMENT

We do not conduct any form of research and development activities as it is not in the nature of our business to carry out such activities.

However, we do monitor developments in the industry so that we are able to constantly review our product offering to ensure that our competitive position is maintained. Through feedback from our retail branches, we are able to continually monitor customer demands and trends. In addition, we attend various trade fairs and exhibitions such as the annual China Import and Export Fair (Canton Fair) in the PRC and HKTDC Hong Kong International Lighting Fair in Hong Kong to keep abreast of the latest developments in our industry.

SAFETY POLICY

We believe in providing a safe working environment for our employees. We have established a set of environmental, health and safety policies which contain adequate and reasonable measures to ensure the safety of all our workers and staff.

We have also implemented and put in place safe work procedures in respect of the following key areas: (a) office areas; (b) ladder safety; (c) electrical safety; (d) use of hand and power tools; (e) use of protective equipment; (f) material storage, handling and transportation; (g) handling of chemicals; and (h) forklift operations.

We have put in place an occupational health and safety policy, which is intended to prevent all occupational injuries and illnesses. We intend to achieve this by:

- (a) identifying and reducing the risks of all types of work activities that have the potential to produce personal injury;
- (b) providing instructions, training and supervision to improve an individual's understanding of workplace hazards, including safe work practices and emergency procedures;
- (c) involving individuals in occupational health and safety matters and consulting with them on ways to recognise, evaluate and control workplace hazards;
- (d) ensuring that everyone (including visitors and sub-contractors) complies with appropriate standards and workplace directions to protect their own and others' health and safety at work; and
- (e) providing adequate systems and resources to effectively manage rehabilitation and return to work processes.

Further, all managers and supervisors are responsible and accountable for the safety and health of the employees and our property under their control. They are responsible for ensuring compliance with all regulations, procedures and safe work practices in all workplaces and work sites at all times. All employees are expected to follow and comply with our safety requirements and relevant codes of practice, maintain a clean and orderly work area, report all injuries and work-related incidents and accidents, and actively participate in safety improvement activities.

We received the bizSAFE Level 3 Certificate awarded by the Workplace Safety and Health Council in November 2012 as proof of our continuing commitment to safety.

STAFF TRAINING

We believe that our staff are instrumental to our business.

All new employees are required to undergo on-the-job training under a senior staff, who will train and equip them with the necessary knowledge and practical skills to perform their tasks. The type of training depends on the job scope of the employee.

Our operations personnel are required to undergo compulsory training on safety and material handling, particularly in relation to our Warehouse operations.

On-the-job training is also provided for our non-operational personnel in the area of general management, finance, sales and any other relevant areas. This allows them to improve their work performance in their respective business units.

AWARDS AND ACHIEVEMENTS

As a testament to our commitment to quality, our Group has received several awards and certifications over the years, some of which are set out below.

Year	Award / Certification	Award organisation
2014 (since 2004)	Legrand Top Customer of the Year	Legrand (Singapore)
2012	bizSAFE Level 3	Workplace Safety and Health Council
2011	Schneider Electric Top Performance – Premium Products	Schneider Electric
2008	Singapore SME 500 Company	DP Information Group
2007	Singapore SME 500 Company	DP Information Group
2006	Singapore SME 500 Company	DP Information Group

In addition, we have also received internationally recognised certifications such as the ISO 9001:2008 for Quality Management System Standards from the Anglo Japanese American Registrars Pte. Ltd.

INSURANCE

As at the Latest Practicable Date, we maintain the following insurance policies to cover a variety of risks relevant to our business needs and operations:

- (a) medical and hospital expenses for our employees, including our foreign workers;
- (b) commercial vehicles insurance policies for our vehicles;
- (c) fire insurance policies for damage and consequential loss caused by fire to our owned properties; and
- (d) industrial all risks insurance policies for equipment, stock and inventory in our Warehouse and retail branches.

The above insurance policies are reviewed annually to ensure that they adequately satisfy both regulatory and business requirements. We may increase the coverage if we deem it necessary and appropriate.

We have not experienced any difficulties in obtaining or renewing our insurance policies, or on realising claims under any of our insurance policies. As at the Latest Practicable Date, our Directors believe that the policy specifications and insured limits of these insurance policies are in line with normal commercial practice. Save as disclosed under the section entitled “Risk Factors” of this Offer Document, our Directors believe that the coverage from these insurance policies is adequate for our present operations. However, significant damage to our operations or to any of our properties, whether as a result of fire and/or other causes, may still have a material and adverse impact on our results of operations or financial condition.

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, the properties leased by our Group are set out below:

Owner	Location	Approximate area/ built-in area (sq m)	Lease period	Use of property	Approximate monthly rental (including service charge, where applicable) (\$)
HDB	Blk 23 Bendemeer Road #01-527, Singapore 330023	177.48	3 years, expiring on 30 April 2016	Bendemeer retail branch	4,600
HDB	Blk 5070 Ang Mo Kio Industrial Park 2 #01-1511, Singapore 569573	92.9	3 years, expiring on 31 December 2015	Ang Mo Kio retail branch	2,183
HDB	Blk 5070 Ang Mo Kio Industrial Park 2 #01-1513, Singapore 569573	92.9	3 years, expiring on 31 October 2017	Ang Mo Kio retail branch	2,225
HDB	Blk 5070 Ang Mo Kio Industrial Park 2 #01-1515, Singapore 569573	92.9	3 years, expiring on 31 October 2017	Ang Mo Kio retail branch	2,225
HDB	Blk 3 Toa Payoh Industrial Park #01-1381, Singapore 319055	113.34	3 years, expiring on 30 September 2017	Toa Payoh retail branch	2,951
Chin Kiam Hsung	488A Sims Avenue, Singapore 387605	116.04	3 years, expiring on 14 April 2018	Sims Avenue retail branch	2,900
Chin Kiam Hsung	490 #02-00 Sims Ave, Singapore 387561	84.17	3 years, expiring on 15 March 2018	Storage for Sims Avenue retail branch	2,100
OST Refrigeration Pte. Ltd.	48 Toh Guan Road East #01-107, Enterprise Hub, Singapore 608586	265.98	3 years, expiring on 13 April 2017	Toh Guan retail branch	9,000

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.

As at the Latest Practicable Date, the properties owned by our Group are set out below:

Location	Tenure	Land area (sq m)	Gross floor area (sq m)	Use of property	Encumbrances	Lessor	Net book value as at 31 December 2014 (\$'000)	Market value as at 30 April 2015 ⁽¹⁾ (\$'000)
Used for operations								
10 Woodlands Loop, Singapore 738388	Leasehold (30 years expiring on 15 December 2023) ⁽²⁾	5,117.2	3,344	Warehouse and Woodlands retail branch	Mortgage IA/426521N lodged in favour of FEB	JTC	2,760	9,300
9 Tagore Lane #01-16, 9@Tagore, Singapore 787472	Freehold	N.A.	291	Neiken retail branch	Mortgage IB/946791J lodged in favour of UOB	–	1,253	2,000
3 Soon Lee Street #01-09, Pioneer Junction, Singapore 627606	Leasehold (30 years expiring on 6 March 2041)	N.A.	170	Pioneer retail branch	Mortgage IC/809922F lodged in favour of FEB	State of Singapore	1,002	1,070
Blk 640 Rowell Road #01-70, Rowell Court, Singapore 200640	Leasehold (87 years expiring on 30 June 2083)	N.A.	147	Rowell retail branch	Mortgage I/60249Q lodged in favour of FEB	HDB	761	3,000
Leased or to be leased out								
8B Admiralty Street #01-06, 8B@Admiralty, Singapore 757440	Leasehold (60 years expiring on 8 October 2060)	N.A.	325	Investment property	Mortgage ID/7482D lodged in favour of FEB	State of Singapore	1,421	1,570
8B Admiralty Street #01-07, 8B@Admiralty, Singapore 757440	Leasehold (60 years expiring on 8 October 2060)	N.A.	323	Investment property	Mortgage ID/7939K lodged in favour of FEB	State of Singapore	1,429	1,560
9 Tagore Lane #02-07, 9@Tagore, Singapore 787472	Freehold	N.A.	364	Investment property	Mortgage IC/769327V lodged in favour of FEB	–	1,610	1,820
65 Ubi Road 1 #02-65 Oxley BizHub, Singapore 408729	Leasehold (60 years expiring on 14 November 2070)	N.A.	115	Investment property	Restriction IE/109653E registered on 31/12/2014; and Mortgage IC/428106E lodged in favour of FEB	State of Singapore	1,132	1,220
48 Toh Guan Road East #01-102, Enterprise Hub, Singapore 608586	Leasehold (60 years expiring on 30 November 2057)	N.A.	374	Investment property	Mortgage IC/36670L lodged in favour of FEB	State of Singapore	1,100	1,200
5 Soon Lee Street #01-66, Pioneer Point, Singapore 627607	Leasehold (30 years expiring on 16 October 2041)	N.A.	112	Investment property	Mortgage ID/381606F lodged in favour of FEB	State of Singapore	628	638
5 Soon Lee Street #01-67, Pioneer Point, Singapore 627607	Leasehold (30 years expiring on 16 October 2041)	N.A.	90	Investment property	Mortgage ID/381605M lodged in favour of FEB	State of Singapore	480	560

Location	Tenure	Land area (sq m)	Gross floor area (sq m)	Use of property	Encumbrances	Lessor	Net book value as at 31 December 2014 (\$'000)	Market value as at 30 April 2015 ⁽¹⁾ (\$'000)
23 New Industrial Road #02-08, Solstice Business Centre, Singapore 536209	Freehold	N.A.	148	Investment property	Mortgage IC/242710J lodged in favour of FEB	–	1,042	1,400
9 Tagore Lane #02-06, 9@ Tagore, Singapore 787472 ⁽³⁾	Freehold	N.A.	315	Investment property	Mortgage IC/768870R lodged in favour of UOB	–	1,395	1,580
9 Tagore Lane #03-16, 9@ Tagore, Singapore 787472	Freehold	N.A.	332	Investment property	Mortgage IC/769358U lodged in favour of FEB	–	1,293	1,660
Properties under development⁽⁴⁾								
421 Tagore Industrial Avenue #01-22, Tagore 8, Singapore 787805	Freehold	N.A.	255	Investment property	Mortgage IC/706139J lodged in favour of UOB; Caveat ID/542275H lodged in favour of UOB; and Mortgage-in-escrow ID/471027M lodged in favour of UOB; and Deed of Assignment	–	1,136	2,070
421 Tagore Industrial Avenue #01-23, Tagore 8, Singapore 787805	Freehold	N.A.	255	Investment property	Mortgage IC/706139J lodged in favour of UOB; Caveat ID/542321P lodged in favour of UOB; and Mortgage-in-escrow ID/471030F lodged in favour of UOB; and Deed of Assignment	–	1,136	2,070
421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805	Freehold	N.A.	319	Investment property	Mortgage IC/706139J lodged in favour of UOB; Caveat ID/363918S lodged in favour of Neiken; Caveat ID/445622F lodged in favour of UOB; and Deed of Assignment and Mortgage-in-escrow ID/445620N lodged in favour of UOB	–	1,453	2,700

Notes:

- (1) Please refer to Appendix F of this Offer Document entitled “Valuer’s Report” for more details.
- (2) There is an option to renew for a further term of 30 years.
- (3) As at the Latest Practicable Date, this property is currently not leased out to any third party and is vacant.
- (4) Since the Latest Practicable Date, TOP for these properties have been issued.

Our Warehouse

Our Warehouse is located at 10 Woodlands Loop, Singapore 738388 which is leased from JTC for 30 years. The remaining lease term of our Warehouse is approximately eight (8) years, with an option to renew for a further term of 30 years. The premises comprise a warehouse area, our Woodlands retail branch and our head office, with a total built-up area of approximately 3,344 square metres. Our Warehouse also serves as our main procurement and distribution centre for our retail branches.

Investment properties and properties used for our operations

As at the Latest Practicable Date, our Group holds 13 investment properties of which nine (9) are rented out to third parties, one (1) is vacant, and three (3) are uncompleted. The leases to third party tenants are typically for terms of two (2) to three (3) years. Further details of our investment properties are set out in the table above.

As at the Latest Practicable Date, our Group also holds four (4) properties which are used as our retail branches for our operations.

As at 31 December 2014, the net book value of our investment properties and the properties used for our operations amounted to approximately S\$15.25 million and S\$5.78 million respectively.

Save as disclosed in this section and save for some of our motor vehicles which are under hire purchase arrangements, as at the Latest Practicable Date, none of our fixed assets is subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowings.

To the best of our Directors' knowledge, save as disclosed in the section entitled "Government Regulations" of this Offer Document, there are no regulatory requirements or environmental issues that may materially affect our utilisation of our fixed assets as at the Latest Practicable Date.

CORPORATE SOCIAL RESPONSIBILITY




After listing on Catalist, the Board will establish a corporate social responsibility policy which will include the review of the following areas of our Group's activities:

- (a) to review and recommend our Group's policy in respect of corporate social responsibility;
- (b) to review our Group's health, safety and environmental policies and standards;
- (c) to review the social impact of our Group's business practices in the communities that we operate in; and
- (d) to review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees).

INTELLECTUAL PROPERTY

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks:

Registered owner	Trademark	Class	Country of registration	Registration number	Registration date/ Effective date	Expiry date
CCM		6 ⁽¹⁾	Singapore	T0407613H	18 May 2004; renewed on 11 July 2013	18 May 2024
CCM		11 ⁽²⁾	Singapore	T0407614F	18 May 2004; renewed on 11 July 2013	18 May 2024
CCM		17 ⁽³⁾	Singapore	T0407616B	18 May 2004; renewed on 11 July 2013	18 May 2024

Registered owner	Trademark	Class	Country of registration	Registration number	Registration date/ Effective date	Expiry date
CCM		19 ⁽⁴⁾	Singapore	T0407617J	18 May 2004; renewed on 11 July 2013	18 May 2024
CCM	CCM	6 ⁽¹⁾	Singapore	T0407935H	21 May 2004; renewed on 11 July 2013	21 May 2024
CCM	CCM	11 ⁽²⁾	Singapore	T0407936F	21 May 2004; renewed on 11 July 2013	21 May 2024
CCM	CCM	17 ⁽³⁾	Singapore	T0407937D	21 May 2004; renewed on 11 July 2013	21 May 2024
CCM	CCM	19 ⁽⁴⁾	Singapore	T0407938B	21 May 2004; renewed on 11 July 2013	21 May 2024

Notes:

- (1) Class 6 refers to the (ducts of metal for ventilating and) air conditioning installations; alloys of common metal; aluminium; aluminium foil; bells; boxes of common metal; branching pipes of metal; building materials of metal; (clips of metal for) cables and pipes; (ducts and pipes of metal for) central heating installations; closures of metal for containers; drain pipes of metal; ducts of metal for ventilating and air conditioning installations; elbows of metal for pipes; fittings of metal for building; junctions of metal for pipes; nozzles of metal; pipes of metal; pipework of metal; rails of metal; tubing of metal; tubes of metal; wire of common metal.
- (2) Class 11 refers to ceiling lamps; (electric) fans for person use; lamp casings; lamp glasses; lamp globes; lamp hanging supports; lamp mantles; lamp reflectors; lamp shades; lamps; lamps for directional signals of automobiles; light bulbs; electric light bulbs; light bulbs for directional signals of vehicles; light diffusers; safety lamps; sockets for electric lights; standard lamps; (discharge) tubes, electric, for lighting; (luminous) tubes for lighting; water heaters.
- (3) Class 17 refers to flexible tubes, not of metal; (junctions for) pipes, not of metal.
- (4) Class 19 refers to branching pipes, not of metal; drain pipes, not of metal; ducts, not of metal, for ventilating and air-conditioning installations; (drain) pipes not of metal; water-pipes, not of metal.

As at the Latest Practicable Date, we have applied for registration of the following trademarks:

Applicant	Trademark	Country of application	Class	Date of application	Status
CCM	CRM	Singapore	6, 11, 17 and 19 ⁽¹⁾	19 January 2015	Advertised in the Singapore Trade Marks Journal on 22 May 2015 ⁽²⁾
CCM	CRM ⁽³⁾	Malaysia	6, 11, 17 and 19 ⁽¹⁾	22 June 2015	Pending
CCM	 ⁽⁴⁾	Malaysia	6, 11, 17 and 19 ⁽¹⁾	22 June 2015	Pending
CCM	CCM ⁽⁴⁾	Malaysia	6, 11, 17 and 19 ⁽¹⁾	22 June 2015	Pending
CCM	 ⁽³⁾⁽⁵⁾	Singapore and Malaysia	6, 11, 17 and 19 ⁽¹⁾	Singapore: 18 June 2015 Malaysia: 22 June 2015	Pending

Notes:

- (1) Class 6 refers to the (ducts of metal for ventilating and) air conditioning installations; alloys of common metal; aluminium; aluminium foil; bells; boxes of common metal; branching pipes of metal; building materials of metal; (clips of metal for) cables and pipes; (ducts and pipes of metal for) central heating installations; closures of metal for containers; drain pipes of metal; ducts of metal for ventilating and air conditioning installations; elbows of metal for pipes; fittings of metal for building; junctions of metal for pipes; nozzles of metal; pipes of metal; pipework of metal; rails of metal; tubing of metal; tubes of metal; wire of common metal.
- Class 11 refers to ceiling lamps; (electric) fans for person use; lamp casings; lamp glasses; lamp globes; lamp hanging supports; lamp mantles; lamp reflectors; lamp shades; lamps; (electric) lamps; lamps for directional signals of automobiles; light bulbs; electric light bulbs; light bulbs for directional signals of vehicles; light diffusers; safety lamps; sockets for electric lights; standard lamps; (discharge) tubes, electric, for lighting; (luminous) tubes for lighting; water heaters.
- Class 17 refers to flexible tubes, not of metal; (junctions for) pipes, not of metal.
- Class 19 refers to branching pipes, not of metal; drain pipes, not of metal; ducts, not of metal, for ventilating and air-conditioning installations; (drain) pipes not of metal; water-pipes, not of metal.
- (2) A statutory opposition period of two (2) months will run from the date of the advertisement and if no opposition is filed, the trademark will proceed to registration.
- (3) We will be applying for these trademarks to be registered in the PRC after they have been registered in Singapore.
- (4) We are in the process of applying for these trademarks to be registered in the PRC.
- (5) The design of this trademark is the same as the Australian TM. CCM Australia has applied for the Australian TM to be registered in Australia, which is used by CCM Australia in Australia. Our Company and CCM Australia have entered into a call option agreement in relation to the Australian TM. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" in this Offer Document for more details.

Save as disclosed above, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent.

In the past, we have not had to incur any legal costs in protecting infringements against our copyrights, trademarks or other intellectual property rights and have not had to incur any legal costs with regard to infringement of a third party's intellectual property rights.

As at the Latest Practicable Date, we are not aware of any infringement of our intellectual property rights or of any claims that we have infringed a third party's intellectual property rights.

Nonetheless, we cannot be certain that our products do not or will not infringe valid patents, copyrights or other intellectual property rights held by third parties. Please refer to the section entitled "Risk Factors – We are exposed to risks of infringement of our intellectual property rights and the unauthorised use of our trademarks and we may face litigation suits for intellectual property infringement" of this Offer Document for further details.

MAJOR CUSTOMERS

Our Group has a very broad customer base. None of our customers accounted for five per cent. (5.0%) or more of our total sales for each of the past three (3) financial years.

Our Directors are of the opinion that our business and profitability are currently not dependent on any single customer or on any particular contract with any customer.

MAJOR SUPPLIERS

The table below sets forth our suppliers which accounted for five per cent. (5.0%) or more of our total purchases for each of the past three (3) financial years:

Supplier	Main products supplied	As a percentage of total purchases used (%)		
		FY2012	FY2013	FY2014
CCM BVI ⁽¹⁾⁽²⁾	Electrical cables and other electrical accessories	14.0	12.9	—
Hager Electro Systems Pte Ltd ⁽³⁾	Circuit breakers and accessories	11.6	10.5	14.0
Hebei Huatong Wires & Cables Group Co Ltd ⁽²⁾⁽⁴⁾	Electrical cables	—	—	13.0
Keystone Cable (S) Pte Ltd ⁽⁵⁾	Electrical cables	5.7	3.0	3.1
Legrand (S) Pte Ltd	Switches and circuit breakers	4.1	4.4	5.3
MK Electric (Singapore) Pte. Limited	Switches and trunking support systems	8.0	8.7	9.7
Twinkle Star Electrical Impex Pte Ltd ⁽⁴⁾⁽⁶⁾	Flexible pipes and other electrical accessories	1.2	6.6	5.6
Xile ⁽⁷⁾⁽⁸⁾	Electrical cables	6.2	5.8	1.0

Notes:

- (1) Johnny Lim, the brother of Thomas Lim and Rocky Lim, owns 100% of the issued and paid-up share capital of CCM BVI and is also serving as the director of CCM BVI. Please refer to the section entitled “Interested Person Transactions” of this Offer Document for more details.
- (2) In FY2012 and FY2013, our Group engaged CCM BVI as the main point of contact to procure “CCM” and “CRM” brand of products from third party contract manufacturers. In 2013, our Group streamlined our business operations and moved to deal directly with our third party contract manufacturers and ceased all purchases from CCM BVI. Accordingly, CCM BVI ceased to be our major supplier and Hebei Huatong Wires & Cables Group Co Ltd became our major supplier in FY2014. Please refer to the section entitled “Interested Person Transactions” of this Offer Document for more details.
- (3) The percentage of our purchases from Hager Electro Systems Pte Ltd increased from approximately 10.5% in FY2013 to approximately 14.0% in FY2014 mainly in anticipation of our estimated sales demand and expected longer stock delivery time required for *Hager* brand products.
- (4) Hebei Huatong Wires & Cables Group Co Ltd and Twinkle Star Electrical Impex Pte Ltd are third party contract manufacturers whom we engage to manufacture our “CCM” and “CRM” brand products.
- (5) The percentage of our purchases from Keystone Cable (S) Pte Ltd decreased from approximately 5.7% in FY2012 to approximately 3.0% in FY2013 because of a switch to other brands of cables by some customers.
- (6) The percentage of our purchases from Twinkle Star Electrical Impex Pte Ltd increased from approximately 1.2% in FY2012 to approximately 6.6% in FY2013 mainly because of the increase in demand for our “CCM” brand products in FY2013, some of which were manufactured by Twinkle Star Electrical Impex Pte Ltd on an OEM basis.
- (7) Cheong Wee Lim Daniel, the brother of Cheong Wee Ker Derek who is the son-in-law of Thomas Lim, owns 13.3% of the issued and paid-up share capital of Xile and is also serving as a director of Xile. Please refer to the section entitled “Interested Person Transactions” of this Offer Document for more details.
- (8) The percentage of our purchases from Xile decreased from approximately 6.2% in FY2012 and approximately 5.8% in FY2013 to approximately 1.0% in FY2014 mainly because our purchases from Xile tapered off as our Group commenced purchasing from Xingle Group directly. Please refer to the section entitled “Interested Person Transactions – Relevant Person Transactions” of this Offer Document for details.

Our suppliers can be broadly categorised as: (a) manufacturers of the third party brands of electrical products and accessories that we carry; and (b) third party contract manufacturers whom we engage to manufacture and supply our “CCM” and “CRM” brand products based on our specifications and/or on an OEM basis.

Our Directors are of the opinion that our Group is not dependent on a single supplier and the products supplied by the above major suppliers can be sourced from other alternative suppliers in the market without significant difficulties.

We generally do not enter into long-term or exclusive contracts with any of our major suppliers.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or non-renewal of our current relationship with any of our major suppliers.

Save as disclosed in the section entitled “Interested Person Transactions” in this Offer Document, none of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of our major suppliers listed above.

CREDIT MANAGEMENT

Credit policy to our customers

We typically give our existing customers credit terms of between 30 to 90 days. The credit terms granted to these existing customers are determined based on their financial background and creditworthiness, the transaction volume, payment history and their length of relationship with us. Our finance department, assisted by our sales representatives at our retail branches, regularly monitors and oversees payment from our customers.

We will perform credit evaluation on debtors who have overdue debts. If repeated reminders to settle overdue payments fail to yield results, we may issue letters of demand and/or proceed with legal action to collect the debts after considering factors such as the quantum of the debts and our relationship with the customers. At the end of every quarter, we will review and assess the overdue debts and make allowance for doubtful trade receivables on a case-by-case basis, depending on the creditworthiness of the debtor at the relevant time. Doubtful trade receivables (where provision has not been previously made) will be written off after legal proceedings have been concluded and/or such debts are deemed unlikely to be recoverable by our management.

The allowances for doubtful trade receivables, trade receivables written off and average trade receivables turnover of our Group for the Period under Review are set out below:

	FY2012	FY2013	FY2014
Allowance for doubtful trade receivables made during the year (S\$'000)	864	777	325
As a % of total revenue	1.2	1.0	0.4
Trade receivables written off (S\$'000)	67	–	32
Average trade receivables turnover (days) ⁽¹⁾	51	49	45

Note:

- (1) The average trade receivables turnover is calculated based on the average of the opening and closing trade receivables balances of the relevant financial year divided by the corresponding revenue and multiplied by 365 days.

Our total net trade receivables as at 31 December 2014 amounted to approximately S\$7.0 million. The ageing schedule of the balance of our trade receivables (net of allowances for doubtful trade receivables) as at 31 December 2014 and as at the Latest Practicable Date was as follows:

Number of months past due date	% of trade receivables as at 31 December 2014	% of trade receivables as at the Latest Practicable Date
Not past due	68.9	56.3
Less than 1 month	18.4	24.2
1 – 3 months	7.8	14.5
More than 3 months	4.9	5.0

As at the Latest Practicable Date, approximately 97.4% of the trade receivables as at 31 December 2014 had been collected. To the best of our Company's knowledge, our Company does not foresee any major difficulties with the collection of the balance of the trade receivables as at 31 December 2014.

Credit terms from our suppliers

The credit terms granted by our suppliers vary from supplier to supplier and is dependent upon, *inter alia*, our relationship with the suppliers and the size of the transactions. Generally, our suppliers grant us credit terms ranging from 30 to 90 days for the delivery of products.

Our average trade payables turnover during the Period under Review were as follows:

	FY2012	FY2013	FY2014
Average trade payables turnover (days) ⁽¹⁾	70	63	55

Note:

- (1) The average trade payables turnover is calculated based on the average of the opening and closing trade payables balances of the relevant financial year divided by the corresponding cost of sales and multiplied by 365 days.

INVENTORY MANAGEMENT

Our inventories comprise the electrical products and accessories sold at our retail branches.

We maintain a readily available stock of such electrical products and accessories. We typically maintain quantities of our products based on sales forecasts and our management's outlook on price trends.

Our storekeepers perform inventory counts on a regular basis. Our management will review on a monthly basis the results of inventory checks conducted by our warehouse manager and his team to assess the status of various inventory levels to identify slow moving inventories in order to plan for inventory replenishment and to manage product obsolescence.

Our inventory turnover during the Period under Review was as follows:

	FY2012	FY2013	FY2014
Inventory turnover (days) ⁽¹⁾	63	91	109

Note:

- (1) The inventory turnover is calculated based on the average of the opening and closing inventory balances of the relevant financial year divided by the corresponding cost of sales and multiplied by 365 days.

The increase in the inventory turnover from FY2012 to FY2013 and from FY2013 to FY2014 can be attributed to our Group increasing its stock levels to be more competitive in meeting customer demands and requirements in an expeditious manner. We believe our high level of inventory allows us to shorten our delivery lead time to customers, which helps us to maintain our competitiveness.

During the Period under Review, the movement in our allowance for inventories is as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)
Balance at beginning of the year	—	221,438	2,821,457
Allowance recognised in profit or loss during the year	221,438	2,600,019	—
Reversal of allowance	—	—	(339,566)
Balance at end of the year	221,438	2,821,457	2,481,891

In FY2013, we made an allowance for inventories of approximately S\$2.6 million due to certain slow-moving stocks.

COMPETITION

We operate in a competitive environment and face competition from new and existing competitors based in Singapore.

We believe that none of our competitors has the same reach as our retail network or is able to offer the wide range of products as we do. Our competitors are mainly Singapore companies which offer electrical products and accessories sourced from foreign manufacturers. To the best of their knowledge and belief, our Directors consider Albert Hoo Electrical Pte Ltd to be our closest competitor.

Save as disclosed above, our Directors or Substantial Shareholders do not have any interest, direct or indirect, in the above competitor.

COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:

We have a wide retail network strategically located across different parts of Singapore

We currently have nine (9) retail branches (including the retail branch operated by Neiken) that are strategically located across different parts of Singapore thereby allowing our customers to be able to purchase our products conveniently throughout the island.

We are well stocked with electrical products and accessories, which allows us to provide quick delivery of products to our customers. Upon receiving an order confirmation, we are able to supply the required products using the stock kept in our Warehouse or our retail branches. As such, we are able to reduce the supply lead times between receiving the order and delivery. We are thus able to deliver our products quickly and efficiently.

We are a one-stop provider of electrical products and accessories

We are able to provide an efficient one-stop service, as we offer an extensive range of electrical products and accessories for both residential and industrial use. We carry numerous brands of products, including well-established brands such as *Hager*, *Legrand*, *Schneider*, *MK*, *Philips*, *KDK* and *Bosch*. Please refer to the section entitled “General Information on our Group – Our Products” of this Offer Document for further details.

Such a comprehensive inventory range enables us to cater to a wide range of customers and their corresponding needs. Our well-stocked inventory helps our customers avoid delays arising from the need to indent such products. Furthermore, we believe we are able to fulfil our customers’ needs without them having to look for other suppliers for different products.

We have strong and long-term relationships with our suppliers

We believe that cultivating and maintaining excellent business relationships with our suppliers is critical to our success. We are committed to building up strong relationships with our suppliers, including our third party contract manufacturers.

We have established strong relationships with our suppliers based on many years of business dealings and transactions. We constantly maintain good relationships by making regular visits and having periodic meetings with our suppliers. For some of our suppliers, we have been in business for more than 20 years with them. We believe that with our strong relationships with our suppliers, we are able to keep abreast of the latest developments in the industry and have access to a broad range of products at competitive prices.

We have an established track record and a committed and experienced management team

We have a track record of over 20 years servicing the electrical products and accessories industry. We have an established reputation with our customers due to our long history and have secured our position as a leading player in this industry in Singapore. Our Group is helmed by our Executive Chairman and CEO, Thomas Lim, and our Executive Director, Rocky Lim, who each have more than 40 years of experience in the industry. They have been instrumental in developing the business of our Group and

charting its strategic directions over the years. Our Executive Officers, in particular, Wilson Foo, Boo Chong Meng and Andy Tay, also have extensive experience in our industry. Their strong management capabilities, product, industry and technical knowledge, business network, ability to identify market trends and new business opportunities have contributed significantly to the growth of our business and are vital to our continued growth and future development.

Our Directors believe that we are well-positioned to leverage on the experience and capabilities of our management team to identify new opportunities to expand our businesses, grow our reputation in the electrical products and accessories industry, and continue to deliver quality products.

Please refer to the section entitled “Directors, Management and Staff” of this Offer Document for further details on the experience of our Directors and Executive Officers.

PROSPECTS

Our Company is engaged in the business of selling and trading electrical products and accessories in Singapore. Our products are widely and mainly used in industrial and residential settings. Accordingly, the prospects for our business and demand of our products are primarily driven by the general economic conditions and activities in the construction and property markets in Singapore.

Singapore economy

According to the MTI, in the first quarter of 2015, the Singapore economy grew by 2.6% on a year-on-year basis. The MTI maintained the forecast of the Singapore economic growth for 2015 at 2.0% to 4.0%.⁽¹⁾

The EDB is forecasting fixed asset investments to be between S\$9.0 billion to S\$11.0 billion for 2015, compared to S\$11.8 billion in 2014, which is expected to follow the trend of a more moderate flow of investments since 2013, reflecting the EDB’s sharper focus on attracting projects that are in line with Singapore’s stage of economic development, manpower policies and planned international commitments on carbon emission.⁽²⁾

Singapore construction market

The growth in the construction sector in Singapore improved to 3.1% on a year-on-year basis in the first quarter of 2015, an improvement from the 0.7% growth recorded in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore construction sector grew at an annualised rate of 12.9%, faster than 2.2% in the previous quarter. The growth of the Singapore construction section in the first quarter of 2015 was driven by a pick-up in private sector construction activities.⁽¹⁾

The BCA expects the aggregate value of construction contracts to reach between S\$29.0 billion to S\$36.0 billion in 2015, given a sustainable pipeline of public sector projects. Public sector projects are expected to account for an estimated 60.0% or S\$18.0 billion to S\$21.0 billion of the total construction demand. While public housing projects are anticipated to moderate in 2015 considering a more stabilised public housing market, public construction demand will remain stable due to an increase in industrial projects and the sustained pipeline of institutional and civil engineering works. The average construction demand is expected to be sustained at between S\$27.0 billion to S\$36.0 billion in 2016, in view of mega public sector infrastructure projects required to meet the long-term needs of our population and to maintain the competitive advantage of Singapore’s economy.⁽³⁾

Sources:

The information contained in the section entitled “Prospects” of this Offer Document has been derived from extracts from the websites of MTI, EDB, BCA, URA and JTC, which are publicly available. None of MTI, EDB, BCA, URA or JTC has consented to the inclusion of such information for the purpose of Section 249 of the SFA and is therefore not liable for such information under Sections 253 and 254 of the SFA. While we have taken reasonable action to ensure that such information is reproduced in their proper form and context and that such information is extracted fairly and accurately, neither we nor any party have conducted an independent review of such information nor verified the accuracy of the contents of such information.

(1) Source: MTI press release dated 26 May 2015 entitled “MTI Maintains 2015 GDP Growth Forecast at 2.0 to 4.0 Per Cent”.

- (2) Source: EDB press release dated 2 February 2015 entitled “Investment commitments in 2014 met forecast; investment numbers for 2015 expected to moderate, reflecting a more targeted approach and uncertain global economic environment”.
- (3) Source: BCA news release dated 8 January 2015 and entitled “Public sector projects to sustain construction demand in 2015”.

TREND INFORMATION

As at the Latest Practicable Date, our Directors observe the following which may have an impact on our financial performance and financial condition in the current financial year:

(i) Business expansion

It is our current intention to expand our retail network and if appropriate and feasible, subject to availability of good locations and other relevant business considerations, we plan to open new retail branch(es) in Singapore in this current financial year.

In opening new retail branches and expanding our network, we will incur set-up costs and capital expenditures and may take on additional bank borrowings if so required. We expect, barring any unforeseen circumstances, that our new retail branch(es) will generate revenue for our Group with corresponding increases in our cost of sales and operating expenses. There is however no assurance that these new retail branch(es) will have any material impact on the profitability of our Group in the current financial year.

Furthermore, we intend to widen the range of products sold under our “CCM” and “CRM” brands. Depending on the terms to be agreed with our third party contract manufacturers, timing to introduce new products, market acceptance, pricing and other factors relating to the introduction of new products, we expect possible variation in our inventory level, product costs and in the mix of products sold.

Please also refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for details.

(ii) Newly acquired investment properties

TOP was granted in June 2015 in respect of three (3) of our Group’s investment properties in a light industrial development at #01-22, #01-23 and #01-29, 421 Tagore Industrial Avenue, Tagore 8, Singapore 787805.

As at the Latest Practicable Date, our capital commitment in respect of these three (3) investment properties amounted to approximately S\$2.36 million for which we have already secured bank financing. We expect to draw down our bank loans for payment of these properties and to incur costs relating to these new properties such as interest, property tax, property management fees and depreciation.

Subject to the timing of us taking possession of the units, prevailing property market conditions and our ability to secure tenants, we will seek to derive rental income from these three (3) newly acquired investment properties in the current financial year.

Please also refer to the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document for details.

(iii) *Listing on Catalist*

All the Invitation Shares are being offered by the Vendors and our Group will not receive any of the proceeds from the Invitation. Nevertheless, we expect to incur expenses in relation to the Invitation, estimated to amount to approximately S\$0.33 million which will be charged to our income statement for the current financial year. Please also refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for details.

After the listing of our Company on Catalist, we expect to incur higher expenses due to compliance costs as a listed company as well as the impact of the Service Agreements entered into with our Executive Directors and the service contracts entered into with our Executive Officers.

There is no assurance that our financial performance for the current financial year and future financial years will match or exceed our historical financial performance as disclosed in the Independent Auditors’ Report as set out in Appendix A of this Offer Document.

Save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Prospects” in this Offer Document, and barring any unforeseen circumstances, our Directors are not aware of any other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled “Cautionary Note On Forward-Looking Statements” in this Offer Document.

ORDER BOOK

Due to the nature of the business of our Group, there is no order book maintained by our Group.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

Reinforcing and strengthening our market position in Singapore

We believe that we are one of the leading players in the supply of electrical products and accessories in Singapore. It is our intention to leverage on our market position to increase our market share in Singapore. Subject to market conditions, we intend to achieve this by expanding our retail network and thereby increasing the visibility of our brand and presence in Singapore. It is our current intention to expand our retail network and if appropriate and feasible, subject to availability of good locations and other relevant business considerations, we plan to open new retail branch(es) in Singapore in this current financial year.

Widening our product range

To further enhance our competitive position, we intend to widen the range of our existing products. In particular, with the increasing sales of our “CCM” and “CRM” brand products in the last few years, we intend to further broaden the range of products carrying our “CCM” and “CRM” brands. As at the Latest Practicable Date, the types of products sold under our “CCM” and “CRM” brands comprises various types of electrical cables and cable accessories, light switch accessories such as PVC boxes, lightning accessories, trunking and pipes, and certain types of light fixtures and accessories, details of which are set out in the section entitled “General Information on our Group – Our Products” of this Offer Document. Some of the types of products we may expand our “CCM” and “CRM” brands to cover could include power cables and handheld tools.

Expansion of our operations into overseas markets through the set up of new retail branches, acquisitions, joint ventures and/or strategic collaborations

In order to further grow our business, we intend to explore expanding our operations overseas through the setting up of retail branches, acquisitions, joint ventures and/or strategic collaborations with parties in other countries. Key factors that our Group will consider when assessing expansion opportunities include return on investments, and the market conditions and applicable laws and regulations in the relevant country.

As at the Latest Practicable Date, we are not engaged in any formal discussion with any party for investments, acquisitions, joint ventures or strategic alliances. Should we decide to enter into an investment, acquisition, joint venture or strategic alliance, we will seek approval, where necessary, from our Shareholders and the relevant authorities as required by the relevant laws and regulations.

These future plans, however, are subject to economic and market conditions.

GOVERNMENT REGULATIONS

Save as disclosed under the section entitled “Risk Factors” in this Offer Document and below, to the best of our Directors’ knowledge, we have obtained all requisite approvals, are in compliance with all laws and regulations and have not contravened any relevant laws and regulations that would materially affect our current business operations. Our business operations in Singapore are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore. We have thus far not experienced any adverse effect on our business in complying with these regulations. As at the Latest Practicable Date, we have not experienced any issues with obtaining or renewing the requisite approvals for conduct of our business.

We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our operations and the relevant regulatory bodies in Singapore. Details of these laws and regulations (apart from those pertaining to general business requirements) are set out below.

Consumer Protection (Fair Trading) Act 2012

The Consumer Protection (Fair Trading) Act (Chapter 52A) of Singapore (“**CPFTA**”) is administered by the Ministry of Trade and Industry and is an act to protect consumers against unfair practices and to give consumers additional rights in respect of goods that do not conform to contract, and for matters connected therewith.

The CPFTA was amended on 1 September 2012 by the Consumer Protection (Fair Trading) (Amendment) Act 2012 to, amongst others, in relation to a contract of sale of goods, give buyers additional rights and remedies against the seller for non-conforming goods. The CPFTA will apply to a contract of sale of goods if the buyer deals as consumer, and the goods do not conform to the applicable contract at any time within the period of six (6) months starting from the date on which the goods were delivered to the buyer, and if the contract was made on or after 1 September 2012. Goods do not conform to a contract of sale of goods if there is, in relation to the goods, a breach of, an express term of the contract, the implied condition that the goods will correspond with the description or samples provided by the seller to the buyer, or the implied condition that the goods are of satisfactory quality or fitness for the purpose for which the goods were supplied.

Under the CPFTA, buyers will have a statutory right to demand the repair or replacement of non-conforming goods. The seller will have to repair or replace the non-conforming goods at the seller’s own costs, within a reasonable period of time and without causing significant inconvenience to the buyer. If the seller fails to do so or if repair or replacement is impossible or disproportionately costly, buyers may instead require the seller to reduce the price paid for the goods or may reject the goods altogether and obtain a refund.

Consumer Protection (Safety Requirements) Regulations (“CPS Regulations”)

The Singapore Consumer Protection (Safety Requirements) Registration Scheme (“**CPS Scheme**”), promulgated under the Consumer Protection (Trade Descriptions and Safety Requirements) Act (Chapter 53) of Singapore, safeguards consumers’ interests by ensuring household products designated as controlled goods meet the specified safety standards. The CPS Scheme, administered by SPRING Singapore as the safety authority (“**Safety Authority**”) under the CPS Regulations, ensures compliance by industries on the registration of 45 categories of controlled goods.

Registration of controlled goods under the CPS Regulations is based on certificates of conformity issued by designated third party conformity assessment bodies. All suppliers of controlled goods for consumers in Singapore must first be registered with the Safety Authority as registered suppliers. Registered suppliers are then required to register each model of controlled goods with the Safety Authority by way of certificates of conformity issued by designated conformity assessment bodies located in Singapore. Once the model has been registered with the Safety Authority and are affixed with the SAFETY Mark, the controlled goods can then be advertised and/or supplied in Singapore.

Under Regulation 4(1) of the CPS Regulations, no person shall trade, supply or advertise for the purpose of supplying any of the controlled goods in Singapore, unless the controlled goods are registered with the Safety Authority and are affixed with the SAFETY Mark. A person guilty of an offence shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term of not exceeding two (2) years or both.

Workplace Safety and Health Act

The Workplace Safety and Health Act (Chapter 354A) of Singapore (the “**WSHA**”) provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the relevant regulatory body, the Ministry of Manpower (“**MOM**”), on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations of Singapore (“**WSHR**”).

Any person who breaches his duty shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, the Commissioner for Workplace Safety and Health (the “**CWSH**”) may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The Workplace Health and Safety Council has approved codes of practices for the purpose of providing practical guidance with respect to the requirements of the WSHA relating to safety, health and welfare at work.

In particular, pursuant to the WSHR, the following equipment, among others, are required to be tested and examined by an examiner (the “**Authorised Examiner**”), who is authorised by the CWSH, before they can be used in a factory and thereafter, at specified intervals:

- hoist or lift;
- lifting gears; and/or
- lifting appliances and lifting machines.

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment or occupier of a workplace to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines. In addition to the above, under the WSHA, inspectors appointed by the CWSH may, among others, enter, a workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in a workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354) of Singapore ("**WICA**"), regulated by the MOM, applies to all employees (with the exception of those set out in the Fourth Schedule of the WICA) who have entered into or works under a contract of service or apprenticeship with an employer, in respect of injury suffered by them arising out of and in the course of their employment and sets out, *inter alia*, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with a fixed formula as set out in the Third Schedule of the WICA, subject to a maximum and minimum limit.

Fire Safety

Under Section 23(1) of the Fire Safety Act (Chapter 109A) of Singapore ("**Fire Safety Act**"), the person for whom any proposed fire safety works are to be commenced or carried out in any building must apply to the Commissioner of Civil Defence for approval of the plans of the fire safety works. Under regulation 3 and 4 of the Fire Safety (Building Fire Safety) Regulations, such application for the approval of plans of any fire safety works must be in such form as the Commissioner of Civil Defence may provide and must be accompanied by, among others, (a) the following plans of fire safety works: (i) building plans; (ii) air-conditioning and mechanical ventilation plans; and (iii) fire protection plans; and (b) a notification signed by the applicant of the appointment of: (i) the qualified person who prepared the plans of fire safety works; and (ii) where the plans contain any alternative solution, the fire safety engineer who prepared or supervised the preparation of the plans, and a confirmation of such appointment signed by the qualified person and, where applicable, the fire safety engineer.

Under Section 24 of the Fire Safety Act, except as otherwise provided in the Fire Safety Act or any regulations made thereunder, no person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the Commissioner of Civil Defence has approved all the plans of the fire safety works. Any person for whom any fire safety works had been carried out and completed must apply to the Commissioner of Civil Defence and obtain a fire safety certificate in respect of the completed fire safety works. Where, in the opinion of the Commissioner of Civil Defence, any fire safety works are carried out or have been carried out in contravention of the Code of Practice for Fire Precautions in Buildings published by the Commissioner of Civil Defence, and includes any code, standard, rule, specification or provision adopted by the Commissioner of Civil Defence in lieu thereof, or any of the provisions of the Fire Safety Act or any regulations made thereunder ("**Unauthorised Fire Safety Works**"), the Commissioner of Civil Defence may by order in writing require: (a) the cessation of the Unauthorised Fire Safety Works until such order is withdrawn; (b) such work or alteration to be carried out to the Unauthorised Fire Safety Works or the building or part thereof to which the Unauthorised Fire Safety Works relate as may be necessary to cause the Unauthorised Fire Safety Works to comply with the Code of Practice for Fire Precautions in Buildings published by the Commissioner of Civil Defence, and includes any code, standard, rule, specification or provision adopted by the Commissioner of Civil Defence in lieu thereof, and any of the provisions of the Fire Safety Act and any regulations made thereunder; or (c) the demolition of the building or part thereof to which the Unauthorised Fire Safety Works relate.

Employment of Foreign Manpower

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) of Singapore (the “**EFMA**”) and regulated by MOM.

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

As our subsidiaries, CCM and Neiken, employ foreign employees from the PRC and Malaysia, we are subject to the EFMA. We have applied for the relevant work passes from the MOM for all of our foreign employees. To the best of our Directors’ knowledge, we have complied with the requirements of the EFMA and the conditions of such work passes.

The availability of the foreign workers for manufacturing companies is also regulated by the MOM through the following policy instruments:

- (a) approved source countries;
- (b) the imposition of security bonds and levies;
- (c) dependency ceilings based on the ratio of local to foreign workers; and
- (d) quotas based on the man year entitlements (“**MYE**”) in respect of workers from Non-Traditional Sources (“**NTS**”) and the PRC.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act (Chapter 91) of Singapore, the EFMA, the Immigration Act (Chapter 133) of Singapore and the regulations issued pursuant to the Immigration Act.

Employment Act

The Employment Act (Chapter 91) of Singapore (“**EA**”) is administered by the Ministry of Manpower and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA.

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the EA provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the “**CL**”) for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing, exempt such employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

To the best of our Directors’ knowledge, save as disclosed above, we have complied with the requirements of the EA.

Personal Data Protection Act

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore (“**PDPA**”) governs the collection, use and disclosure of individuals’ personal data by organisations. The PDPA also established the Personal Data Protection Commission (“**PDPC**”) to administer and enforce the PDPA.

An organisation is required to comply with the following obligations prescribed by the PDPA:

- (a) obtain the consent of the individual before collecting, using, or disclosing his personal data, for purposes that a reasonable person would consider appropriate in the circumstances;
- (b) notify the individual of the purpose of collecting his personal data;
- (c) only use personal data for purposes consented by the individual;
- (d) put in place mechanisms for individuals to withdraw their consent;
- (e) take reasonable efforts to ensure that personal data collected is accurate and complete if the personal data is likely to be used to make a decision that affects the individual, or is likely to be disclosed to another organisation;
- (f) when requested, correct any error or omission in an individual’s personal data;
- (g) upon an individual’s request, provide an individual with his personal data in the organisation’s possession and control, as well as information about the ways in which the personal data has been used or disclosed in the past year;
- (h) protect personal data by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (i) cease to retain personal data as long as it is reasonable to assume that:
 - (i) the purpose for which it was collected is no longer being served by retaining it; and
 - (ii) the retention is no longer necessary for business or legal purpose;
- (j) not to transfer any personal data out of Singapore except in accordance with the requirements set out in the PDPA; and
- (k) implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

If the PDPC finds that an organisation is not complying with any provision in the PDPA, it may give the organisation all or any of the following directions:

- (a) to stop collecting, using or disclosing personal data in contravention of the PDPA;
- (b) to destroy personal data collected in contravention of the PDPA;
- (c) to comply with any direction of the PDPC to provide access to or correct the personal data; or
- (d) to pay a financial penalty of such amount not exceeding S\$1 million.

In addition to the obligation above, the PDPA also established a Do-Not-Call Registry ("**DNC Registry**") which allowed individuals to register their Singapore telephone numbers to opt out of receiving marketing phone calls, mobile text messages, and faxes from organisations.

Organisations must put in place work flow to check whether an individual has listed his phone number on the relevant DNC Registry. No person shall send a "specified message" addressed to a Singapore telephone number unless it has been confirmed that the number is not listed on the relevant DNC Registry. A "specified message" is one that, among others, purports to offer to supply or advertise or promote goods and services. Any person who contravenes this provision shall be guilty of an offence and shall be liable to a fine not exceeding S\$10,000.

INTERESTED PERSON TRANSACTIONS

INTERESTED PERSONS

In general, transactions between our Group and any of our Interested Persons (namely, our Directors, CEO, Controlling Shareholders or the Associates of such persons) would constitute Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules. This section sets out the Interested Person Transactions entered into by our Group for FY2012, FY2013 and FY2014 and for the period commencing from 1 January 2015 up to the Latest Practicable Date (the “**Relevant Period**”) on the basis of each member of our Group (namely, our Company and our subsidiaries) being an Entity at Risk and with Interested Persons being construed accordingly.

Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there have been no Interested Person Transaction involving our Group over the Relevant Period which are material in the context of the Invitation.

The following persons or companies are considered Interested Persons under Chapter 9 of the Catalist Rules:

Interested Persons

Relationship

(i) Thomas Lim

Thomas Lim is our Executive Chairman and CEO. Thomas Lim is also our Controlling Shareholder as he is deemed interested in the Shares held by Lim Trust in our Company.

As at the Latest Practicable Date, Thomas Lim owns an interest of 90% in the issued and paid-up share capital of Lim Trust and is also a director of Lim Trust.

Lim Trust is one of the Vendors offering Invitation Shares for the purpose of the Invitation. Immediately after the Invitation, Lim Trust will own approximately 70.0% interest in the issued and paid-up share capital of our Company.

(ii) Rocky Lim

Rocky Lim is our Executive Director.

As at the Latest Practicable Date, Rocky Lim owns an interest of 10% in the issued and paid-up share capital of Lim Trust and is also a director of Lim Trust.

Lim Trust is one of the Vendors offering Invitation Shares for the purpose of the Invitation. Immediately after the Invitation, Lim Trust will own approximately 70.0% interest in the issued and paid-up share capital of our Company.

(iii) Johnny Lim

Johnny Lim is the brother of Thomas Lim and Rocky Lim. As at the Latest Practicable Date, Johnny Lim is an employee of our Group and is one of the retail supervisors of our retail branch located at Ang Mo Kio.

Companies owned by Thomas Lim and/or Rocky Lim

(iv) CCM Ventures

CCM Ventures was incorporated in Singapore on 15 February 2013. As at the Latest Practicable Date, Thomas Lim and Rhodus own an interest of 60% and 24% respectively in the issued and paid-up share capital of CCM Ventures, and the remaining 16% interest in the issued and paid-up share capital of CCM Ventures is owned by Zhong, Dejian, an individual who is not related to any of our Directors, CEO, Controlling Shareholders or their respective Associates. As at the Latest Practicable Date, the sole director of CCM Ventures is Thomas Lim.

Rhodus is one of the Vendors offering Invitation Shares for the purpose of the Invitation. Immediately after the Invitation, Rhodus will own approximately 14.0% interest in the issued and paid-up share capital of our Company.

CCM Ventures is an investment holding company. As at the Latest Practicable Date, CCM Ventures has only one (1) subsidiary, namely CCM Australia.

- (v) CCM Australia CCM Australia was incorporated in Australia on 4 March 2013. As at the Latest Practicable Date, CCM Ventures wholly owns the issued and paid-up share capital of CCM Australia and the directors of CCM Australia are Thomas Lim and Zhong, Dejian.

CCM Australia is principally engaged in the business of trading electrical products and accessories in Australia.

- (vi) CCM International CCM International was incorporated in Singapore on 22 July 2008. As at the Latest Practicable Date, Thomas Lim and Rocky Lim owns an interest of 80% and 20% respectively in the issued and paid-up share capital of CCM International and the directors of CCM International are Thomas Lim and Rocky Lim.

CCM International is an investment holding company. As at the Latest Practicable Date, CCM International has four (4) subsidiaries, namely Chastan, Jinshuo, Grimm Industries BVI and Grimm Industries, and does not have any associated companies. As at the Latest Practicable Date, Jinshuo and Grimm Industries BVI are dormant.

- (vii) Chastan Chastan was incorporated in Singapore on 18 November 1994. As at the Latest Practicable Date, CCM International wholly owns the issued and paid-up share capital of Chastan and the directors of Chastan are Thomas Lim and Rocky Lim.

Chastan was formerly engaged in the business of trading in electrical cables and other related products in Singapore but ceased such business activities around 2013. Since 2013, Chastan has been an investment holding company and apart from holding an industrial property unit located in Singapore as an investment property, Chastan has no other business activity as at the Latest Practicable Date.

Companies owned by Johnny Lim, who is a brother of Thomas Lim and Rocky Lim

- (viii) AP-Cam AP-Cam was incorporated in Cambodia on 6 July 2011 and was wound up with effect from 20 October 2014. Immediately prior to its winding up, AP-Cam was 40% owned by Johnny Lim and the remaining 60% shareholding interest in AP-Cam was owned by two (2) other individuals who are not related to any of our Directors, CEO, Controlling Shareholders or their respective Associates. Immediately prior to AP-Cam's winding up, Johnny Lim together with the other two (2) shareholders were also directors of AP-Cam.

Prior to its winding up, AP-Cam was formerly engaged in the business of trading in electrical products and accessories in Cambodia.

(ix) CCM BVI

CCM BVI was incorporated in the BVI on 18 March 2011 and has been struck off the BVI Registry of Corporate. Immediately prior to being struck off, Johnny Lim wholly owned the issued and paid-up share capital of CCM BVI and he was also a director of CCM BVI.

CCM BVI was set up by Johnny Lim, a brother of Thomas Lim and Rocky Lim, who is also an employee of CCM, to be the main point of contact with our third party contract manufacturers and also to help our Group grow our business segment of selling our own brands of electrical products and accessories.

RELEVANT PERSON

Apart from Interested Person Transactions as defined under the Catalist Rules, purely for the purposes of disclosure in this Offer Document, this section also sets out material transactions between our Group and the following Company (the “**Relevant Person**” and such transactions with the Relevant Person, the “**Relevant Person Transactions**”):

Relevant Person

Relationship

Xile

Xile was incorporated in Singapore on 1 February 2007. As at the Latest Practicable Date, Cheong Wee Lim Daniel owns an interest of approximately 13.3% in the issued and paid-up share capital of Xile and the remaining shareholding interest is owned by three (3) other individuals who are not related to any of our Directors, CEO, Controlling Shareholders or their respective Associates. As at the Latest Practicable Date, Cheong Wee Lim Daniel is also a director of Xile.

Cheong Wee Lim Daniel is the brother of Cheong Wee Ker Derek who is the son-in-law of Thomas Lim.

Xile had been the exclusive distributor in Singapore in respect of certain electrical cables for Xingle Group, a manufacturer in the PRC that our Group purchased from.

PAST INTERESTED PERSON TRANSACTIONS

(i) Amounts owing to Thomas Lim

During the Relevant Period, from time to time, our Group owed monies to Thomas Lim arising from unpaid director’s fees. These amounts were interest-free and unsecured. The aforementioned transactions with Thomas Lim were not entered into on an arm’s length basis and were not on normal commercial terms.

The outstanding amount owing by our Group to Thomas Lim during the Relevant Period was as follows:

	FY2012 (S\$’000)	FY2013 (S\$’000)	FY2014 (S\$’000)	From 1 January 2015 to the Latest Practicable Date (S\$’000)
Outstanding amount owing by our Group to Thomas Lim as at the end of the relevant period	1,000	1,311	121	—

The largest amount outstanding owing by our Group to Thomas Lim during the Relevant Period was S\$1,311,000. As at the Latest Practicable Date, all amounts owing have been fully settled and we do not expect such transactions to recur after our listing on Catalist.

(ii) Shareholder's loan from Thomas Lim to Neiken

Thomas Lim extended loans of a principal amount of S\$400,000 and S\$500,000 in FY2012 and FY2013 respectively to Neiken for working capital purposes. Such loans bore interest at a rate of 4.0% per annum, was unsecured and had no fixed term of repayment. As the interest charged was a preferential rate, the loan was not entered into on an arm's length basis and was not on normal commercial terms. UMS, the other shareholder of Neiken, also advanced the same loan based on the same terms.

The amount of principal outstanding and the amount of interest paid by our Group to Thomas Lim during the Relevant Period were as follows:

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Principal amount of loan outstanding and owing by Neiken to Thomas Lim as at the end of the relevant period	400	900	— ⁽¹⁾	—
Interest payable by Neiken to Thomas Lim during the relevant period	16	48	— ⁽¹⁾	—

Note:

- (1) Immediately prior to repayment by Neiken, the principal amount of the loan owing to Thomas Lim was S\$900,000 and the aggregate interest payable was S\$84,000.

The largest amount outstanding owing by Neiken to Thomas Lim in relation to the loan (including the interest payable) for the Relevant Period was S\$984,000. As at the Latest Practicable Date, all amounts (including interest) owing by Neiken to Thomas Lim have been fully settled and we do not expect such transactions to recur after our listing on Catalist.

In December 2014, following completion of the Restructuring Exercise, such shareholder's loan and interest accrued thereon was fully repaid by Neiken. Following such repayment, no further amount of such advance is owed to Thomas Lim and there have been no such further advances made by Thomas Lim.

(iii) Purchases from Chastan

In FY2012, our Group purchased certain types of PVC electrical cables from Chastan. The cables that we purchased were in turn supplied to Chastan by a third party manufacturer in Malaysia and Chastan sold such cables to us on a cost-plus basis. During this period, we were Chastan's sole customer. As we did not obtain an alternative quote for the products that we bought from Chastan, the purchases were not entered into on an arm's length basis.

The total purchases by our Group from Chastan during the Relevant Period were as follows:

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Purchases by our Group from Chastan	998	—	—	—

The purchases from Chastan in FY2012 represented approximately 2.0% of our Group's total purchases in FY2012. In FY2013, our Group ceased carrying such types of PVC electrical cables and accordingly, ceased purchases of the same from Chastan. Thereafter, Chastan ceased to carry on its business of trading in electrical cables and became an investment holding company.

As at the Latest Practicable Date, all transactions between our Group and Chastan have been fully settled and we do not expect such transactions to recur after our listing on Catalist.

Please also refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interests" of this Offer Document for further information relating to Chastan.

(iv) Sales to AP-Cam

During the Relevant Period, our Group sold various electrical products to AP-Cam. These sales were entered into on an arm's length basis and were on normal commercial terms as the prices paid by AP-Cam were comparable to those paid by other third party customers.

However, as AP-Cam encountered financial difficulties, it was unable to make timely payment for its purchases from our Group. Some of the trade receivables due from AP-Cam were provided for in our accounts during the Relevant Period.

The total sales by our Group to AP-Cam and the allowance for trade receivables due from AP-Cam to our Group provided for during the Relevant Period were as follows:

	FY2012	FY2013	FY2014	From 1 January 2015 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Sales by our Group to AP-Cam	152	339	74	–
Allowance for trade receivables due from AP-Cam to our Group provided for during the relevant period	35	339	74	–

The sales to AP-Cam represented approximately 0.2%, 0.5% and 0.1% of our Group's total sales in FY2012, FY2013 and FY2014 respectively.

In around January 2014, AP-Cam ceased its purchases from our Group and AP-Cam was wound up in October 2014 pursuant to a creditor's winding up. As at the Latest Practicable Date, there is no outstanding amount due from AP-Cam which has not been provided for in our accounts and we do not expect any future transaction with AP-Cam after our listing on Catalist.

(v) Purchases from CCM BVI

From FY2012 to FY2013, our Group purchased completed "CCM" and "CRM" brands of electrical products and accessories from CCM BVI and during such period, our Group was the sole customer of CCM BVI. CCM BVI was the main point of contact with our third party contract manufacturers. Pursuant to such arrangement, CCM BVI would transact directly with our third party contract manufacturers and then supply such completed products to our Group. In respect of such purchases, we would place orders with CCM BVI and CCM BVI would in turn work with third party contract manufacturers in the PRC to deliver our orders on a cost-plus basis.

As CCM BVI was our main point of contact with our third party contract manufacturers for such purchases and we did not obtain comparable quotes from other parties, we are of the view that the purchases from CCM BVI were not entered into on an arm's length basis and were not on normal commercial terms.

The total purchases by our Group from CCM BVI during the Relevant Period were as follows:

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Purchases by our Group from CCM BVI	7,076	6,798	—	—

The purchases from CCM BVI represented approximately 14.0% and 12.9% of our Group's total purchases in FY2012 and FY2013 respectively. Please also refer to the section entitled "General Information on our Group – Major Suppliers" of this Offer Document for details. In 2013, we streamlined our business operations and our Group moved to deal directly with our third party contract manufacturers and ceased all purchases from CCM BVI. CCM BVI subsequently ceased operations and was struck off.

As at the Latest Practicable Date, all transactions between our Group and CCM BVI have been fully settled and we do not expect such transactions to recur after our listing on Catalist.

(vi) Sale of motor vehicle to Johnny Lim

In FY2014, our Group sold a passenger motor vehicle to Johnny Lim at a sale price of S\$60,000. The vehicle was sold at market value and on normal commercial terms, and was entered into on an arm's length basis. This was a one-off transaction and we do not expect such transactions to recur.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(i) Personal guarantees provided by Thomas Lim and Rocky Lim

As at the Latest Practicable Date, both Thomas Lim and Rocky Lim have provided the following personal guarantees as set out below:

Personal guarantee provided to	Type of agreement	Total amount of facilities granted (S\$'000)	Amount guaranteed (S\$'000)	Personal guarantees provided by	Largest amount outstanding during the Relevant Period (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)
FEB	Banking facilities to CCM	15,821	15,113	Joint and several guarantee by Thomas Lim and Rocky Lim	6,070	2,058
UOB	Banking facilities to CCM	3,420	3,080	Joint and several guarantee by Thomas Lim and Rocky Lim	1,175	1,505
Hong Leong	Finance leases	260	260	Rocky Lim	260	213
Hong Leong	Finance leases	150	150	Thomas Lim	150	136
HDB	Lease agreements with HDB as lessor	N.A.	514 ⁽¹⁾	Thomas Lim	14,112	—

Note:

- (1) This amount only includes the rent, service and conservancy charges, fees and interest under the relevant lease agreements, but does not include any penalties, legal and other expenses that cannot be ascertained as at the Latest Practicable Date.

Thomas Lim and Rocky Lim have not received any benefit in kind, commission or interest from our Group for providing the above personal guarantees. Accordingly, the provision of such personal guarantees was not made on an arm's length basis but was nonetheless not prejudicial to the interests of our Group. The largest aggregate amount guaranteed during the Relevant Period was approximately S\$7.64 million.

Following the admission of our Company to Catalist, Thomas Lim and Rocky Lim intend to obtain a release and discharge of the above personal guarantees from UOB, FEB and Hong Leong and replace them with corporate guarantees provided by our Group. Our Directors do not expect any material change in the terms and conditions of the relevant agreements arising from the release and discharge of the above personal guarantees. Should any of UOB, FEB or Hong Leong be unwilling to release and discharge the above personal guarantees and we fail to secure alternative banking facilities, finance leases or lease agreements on terms similar to those applicable to our agreements, Thomas Lim and Rocky Lim have irrevocably and unconditionally undertaken that they will continue to provide the personal guarantees for the benefit of our Group.

Following the admission of our Company to Catalist, Thomas Lim and Rocky Lim have irrevocably and unconditionally undertaken that they will continue to provide the personal guarantees in relation to the lease agreements with HDB as lessor for the benefit of our Group.

(ii) Sales to CCM Australia

In FY2013, our Group sold certain electrical accessories to CCM Australia. These sales were entered into on an arm's length basis and were on normal commercial terms as the prices paid by CCM Australia were comparable to those paid by other third party customers.

The total sales by our Group to CCM Australia during the Relevant Period were as follows:

	FY2012	FY2013	FY2014	From 1 January 2015 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Sales by our Group to CCM Australia	–	14	–	–

The sales to CCM Australia represented approximately 0.02% of our Group's total sales in FY2013. As at the Latest Practicable Date, all transactions between our Group and CCM Australia have been fully settled and there is no amount outstanding.

In the event that there are transactions between our Group and CCM Australia after our listing on Catalist, such Interested Person Transactions will be subject to the guidelines and review procedures described in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

Please also refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interests" of this Offer Document for further information relating to CCM Australia.

(iii) Call Option with Thomas Lim

On 26 June 2015, our Company, CCM Ventures and Thomas Lim, entered into a call option agreement (the "**TL Call Option Agreement**"), pursuant to which Thomas Lim granted our Company a call option (the "**TL Call Option**") to acquire all shares that he may from time to time hold in CCM Ventures.

CCM Ventures is an investment holding company that has no other business activities apart from holding all the issued shares in CCM Australia. As at the Latest Practicable Date, Thomas Lim owns 60% of the issued shares in CCM Ventures. Accordingly, as at the Latest Practicable Date, Thomas Lim holds an indirect interest of 60% of CCM Australia by virtue of his shareholding

interest in CCM Ventures. It is understood that CCM Ventures may from time to time increase its issued share capital, and such new shares could be issued by CCM Ventures to its existing shareholders (including Thomas Lim) and/or other persons who are not existing shareholders of CCM Ventures (including Associates of Thomas Lim).

CCM Australia operates in the Australian market whereas our Group is currently focused on the Singapore market. In view of the above, our Company has decided not to include CCM Ventures and CCM Australia in our Group at present. However, should the Australian market increase in significance or should the business of CCM Australia improve significantly, the TL Call Option Agreement would provide our Group with the option of including the stake in CCM Australia held by Thomas Lim from time to time through his shareholding in CCM Ventures within our Group.

Pursuant to the TL Call Option Agreement, our Company may exercise the TL Call Option at any time from the date of the TL Call Option Agreement subject to all relevant rules and regulations under Chapter 9 of the Catalist Rules. The exercise price of the shares in CCM Ventures shall be the fair market value of such shares prevailing as of the exercise date as determined by an independent appraiser jointly appointed by our Company and Thomas Lim.

The TL Call Option Agreement will terminate upon Thomas Lim ceasing to have any interest in the shares of CCM Ventures. If the TL Call Option has been exercised, it will terminate on fulfilment of the parties' obligations under the TL Call Option Agreement.

Thomas Lim has undertaken that, until termination of the TL Call Option Agreement, he shall exercise all his voting rights in CCM Ventures against any proposals/resolutions contrary to the following matters:

- (a) CCM Ventures shall provide quarterly management accounts of each of CCM Ventures and CCM Australia to our Company within 45 days from the end of each quarter;
- (b) CCM Ventures and CCM Australia shall carry on business only in the ordinary course and in a manner consistent with its past practices; and
- (c) CCM Australia shall remain a wholly-owned subsidiary of CCM Ventures, other than in the situation whereby:
 - (i) CCM Ventures has received an offer from a proposed purchaser (being a party other than Thomas Lim or his Associates) to purchase all or some of the shares in CCM Australia;
 - (ii) our Company declines to exercise our right of first refusal (granted by CCM Ventures to the Purchaser under the CCM Ventures Undertaking (referred to in the section entitled "Interested Person Transactions – Potential Conflicts of Interest" of this Offer Document) to purchase such shares in CCM Australia; and
 - (iii) CCM Ventures thereafter sells and transfers such shares in CCM Australia to such proposed purchaser at a price and on terms no more favourable than that offered to our Company under our right of first refusal.

In relation to the exercise of the TL Call Option, our Financial Controller will review the quarterly management accounts of CCM Ventures and CCM Australia and present the same for review by our Independent Directors and the Board. In addition, our Company will make available to our Independent Directors access to independent professional advice including technical advice and market information (if required) when conducting their review. The decision on the exercise of the TL Call Option will rest with our Independent Directors with the concurrence of our Audit Committee. The Directors interested in the transaction shall abstain from voting. In the event of a conflict between the decision of our Audit Committee and our Independent Directors, the decision of our Audit Committee shall prevail.

Prior to the exercise of the TL Call Option, our Company will make an appropriate announcement when we exercise the TL Call Option, setting out, *inter alia*, the exercise price (calculated based on the fair market value determined by the independent appraiser), the financial effects of the acquisition of the relevant shares in CCM Ventures on our Group as well as the opinion of our Audit Committee on whether the terms of the acquisition of such shares in CCM Ventures are in the interests of our Company and our minority Shareholders.

Our Audit Committee will review the terms of the acquisition of the shares in CCM Ventures from Thomas Lim and/or his Associates pursuant to the TL Call Option to satisfy itself that such acquisition will be carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders, and appoint appropriate professionals to assess the merits of the acquisition of such shares in CCM Ventures. In the event that the terms of the acquisition of such shares in CCM Ventures are not in the interests of our Company and our minority Shareholders, the acquisition of such shares in CCM Ventures will not be proceeded with. If Shareholders' approval is required under Chapter 9 of the Catalist Rules, our Company will seek Shareholders' approval prior to the completion of the transaction.

Our Independent Directors are of the view that the entry into the TL Call Option Agreement is beneficial to our Group and is not prejudicial to the interests of the minority Shareholders.

Please also refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interest" of this Offer Document for further details.

(iv) Call Option with CCM Australia

CCM Australia uses the Australian TM in Australia. CCM Australia has applied for such trademark to be registered in Australia. The design of such trademark is the same as one of the trademarks in respect of which our Group has applied for registration in Singapore and Malaysia. Please refer to the section entitled "Intellectual Property" of this Offer Document for further details.

On 26 June 2015, our Company and CCM Australia entered into a call option agreement (the "**Australian TM Call Option Agreement**"), pursuant to which CCM Australia granted our Company a call option (the "**Australian TM Call Option**") to purchase the Australian TM from CCM Australia.

Pursuant to the Australian TM Call Option Agreement, our Company may exercise the Australian TM Call Option to require CCM Australia to sell, transfer and assign the Australian TM and all rights and interests thereto to our Company or any of our subsidiaries for an aggregate purchase consideration equivalent to the registration costs incurred by CCM Australia for the registration of such trademark in Australia. If Shareholders' approval is required under Chapter 9 of the Catalist Rules, our Company will seek Shareholders' approval prior to the completion of the transaction.

The Australian TM Call Option may be exercised by our Company at any time during the 6-months period commencing immediately after Thomas Lim and his Associates cease to collectively hold a majority interest (direct or indirect) in the shares of CCM Australia, subject to all relevant rules and regulations under Chapter 9 of the Catalist Rules.

The decision on the exercise of the Australian TM Call Option will rest with our Independent Directors with the concurrence of our Audit Committee. The Directors interested in the transaction shall abstain from voting. In the event of a conflict between the decision of our Audit Committee and our Independent Directors, the decision of our Audit Committee shall prevail.

Our Independent Directors are of the view that the entry into the Australian TM Call Option Agreement is beneficial to our Group and is not prejudicial to the interests of the minority Shareholders.

Please also refer to the section entitled "Interested Person Transactions – Potential Conflicts of Interest" of this Offer Document for further details.

RELEVANT PERSON TRANSACTIONS

For purposes of disclosure, the Relevant Person Transactions (which do not fall within the ambit of Chapter 9 of the Catalyst Rules) are set out below.

Transactions with Xile

During the Relevant Period, our Group purchased and sold electrical cables from and to Xile. Xile was then the exclusive distributor in Singapore in respect of such electrical cables for Xingle Group, a manufacturer in the PRC. In respect of such purchases, we would place orders with Xile and Xile would in turn work with Xingle Group in the PRC to deliver our orders. We sold the electrical cables back to Xile as and when Xile did not have sufficient stock to sell to their customers and we had available stock to sell to them.

These transactions were entered into on an arm's length basis and were on normal commercial terms as the prices paid by our Group to Xile were comparable to those paid for similar products purchased from other third party suppliers of our Group and the prices paid by Xile to our Group were comparable to those paid by other third party customers of our Group.

The total transactions by our Group from Xile during the Relevant Period were as follows:

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Purchases by our Group from Xile	3,031	1,989	553	334
Sales by our Group to Xile	20	70	105	—

The purchases from Xile represented approximately 6.0%, 3.8% and 1.0% of our Group's total purchases in FY2012, FY2013 and FY2014, respectively. The sales by our Group to Xile represented approximately 0.03%, 0.1% and 0.1% of our Group's total sales in FY2012, FY2013 and FY2014, respectively. Please also refer to the section entitled "General Information on our Group – Major Suppliers" of this Offer Document for details.

Since July 2014, we started transacting directly with Xingle Group and since February 2015, our Group has ceased purchasing electrical cables from Xile. Xingle Group is not related to our Group. The total purchases by our Group from Xingle Group (excluding purchases through Xile) during the Relevant Period were as follows:

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	From 1 January 2015 to the Latest Practicable Date (S\$'000)
Direct purchases by our Group from Xingle Group	—	—	444	—

As at the Latest Practicable Date, all transactions between our Group and Xile have been fully settled and we do not expect such transactions with Xile to recur after our listing on Catalyst. In the event that after the listing of our Company on Catalyst, there is any transaction between our Group and Xile, such Relevant Person Transactions shall be subject to the guidelines and review procedures described in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" of this Offer Document (notwithstanding that these are not Interested Person Transactions under the definition of the Catalyst Rules).

GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future interested person transactions will be properly documented and submitted to our Audit Committee for periodic review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of our minority Shareholders. Our Audit Committee will adopt the following procedures when reviewing interested person transactions.

In relation to any purchase of products or procurement of services from interested persons, successful quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to interested persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.

When renting properties from or to an interested person, our Audit Committee shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including independent valuation reports by property valuers, where necessary and/or appropriate. The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries.

In the event that it is not possible for appropriate information (for comparative purposes) to be obtained, our Audit Committee will determine whether the price, fees and/or the other terms offered by or to the interested persons are fair and reasonable, and approve such interested person transaction. In so determining, our Audit Committee will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length basis and on normal commercial terms.

All interested person transactions above S\$100,000 are to be approved by a member of our Audit Committee who shall not be an interested person in respect of the particular transaction. All interested person transactions below S\$100,000 are to be approved by our Financial Controller for the time being or such other senior executive(s) of our Company designated by our Audit Committee from time to time for such purpose.

Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties, and the terms are no more favourable to the interested person than those extended to or received from unrelated parties.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follows:

- (a) a "category one" interested person transaction is one where the value thereof is equal to or in excess of three per cent. (3.0%) of the NTA of our Group; and
- (b) a "category two" interested person transaction is one where the value thereof is below three per cent. (3.0%) of the NTA of our Group.

"Category one" interested person transactions must be approved by our Audit Committee prior to entry. "Category two" interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

In respect of all interested person transactions, we shall adopt the following policies:

- (a) In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction.
- (b) We shall maintain a register to record all interested person transactions which are entered into by our Group, including any quotations obtained from unrelated parties to support the terms of the interested person transactions.
- (c) We shall incorporate into our internal audit plan a review of all interested person transactions entered into by our Group.
- (d) Our Audit Committee shall review the internal audit reports at least half-yearly to ensure that all interested person transactions are carried out on an arm's length basis and in accordance with the procedures outlined above. Furthermore, if during these periodic reviews, our Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that the interests of minority Shareholders are not prejudiced, we will adopt new guidelines and procedures. The Audit Committee may request for an independent financial adviser's opinion as it deems fit.

We shall ensure that all interested person transactions comply with the provisions in Chapter 9 of the Catalist Rules, and if required, we will seek independent Shareholders' approval for such transactions. In accordance with Rule 919 of the Catalist Rules, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. In addition, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the Shareholder(s).

Our Board will ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with. We will disclose in our annual report the aggregate value of interested person transactions during the financial year.

POTENTIAL CONFLICTS OF INTERESTS

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflict of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of our Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Chastan, a company incorporated in Singapore and wholly owned by CCM International, was previously engaged in the business of trading in electrical cables and other products. CCM International is a Singapore incorporated investment holding company that is 80% held by Thomas Lim and 20% held by Rocky Lim. Since 2013, Chastan has ceased to carry on trading in electrical cables and has been an investment holding company, holding a single industrial property unit in Singapore as an investment property.

CCM Australia, a company incorporated in Australia, is engaged in the trading of electrical products and accessories in Australia, which it markets under the Australian TM. The directors of CCM Australia are Zhong, Dejian and Thomas Lim. Zhong, Dejian is an Australian businessman who is not related to our Directors or Controlling Shareholders or our Group. Thomas Lim is a non-executive director of CCM Australia and is not involved in the management of CCM Australia. Thomas Lim has not received and will not be receiving any salary or remuneration from CCM Australia. Zhong, Dejian is the executive director of CCM Australia and CCM Australia has also appointed an unrelated third party as its general manager.

CCM Australia is wholly-owned by CCM Ventures, an investment holding company incorporated in Singapore. Save for its shareholdings in CCM Australia, CCM Ventures does not hold any other assets or investments. CCM Ventures is 60% held by Thomas Lim, 24% held by a financial investor, Rhodus, and 16% held by Zhong, Dejian. Thomas Lim is the sole director of CCM Ventures.

Our Directors believe that CCM Australia is not a direct competitor of our Group for the following reasons:

- (a) to the best of our Directors' knowledge and belief, CCM Australia (which has approximately 15 employees as at the Latest Practicable Date) operates on a much smaller scale as compared to our Group and was loss making for its financial year ended 31 December 2014 and in a negative equity position as at 31 December 2014;
- (b) CCM Australia has a different customer base as its operations are based in Sydney, Australia (where it operates two (2) retail outlets as at the Latest Practicable Date) and its products are sold only to customers in Australia;
- (c) CCM Australia sources for the majority of its products from suppliers in Australia only; and
- (d) the role of CCM Ventures is that of an investment holding company and the operations of CCM Australia are run by the general manager of CCM Australia and Zhong, Dejian.

To mitigate any potential conflicts of interest arising from competition (perceived or otherwise) between the businesses of Chastan and CCM Australia respectively and our Group, our Company has entered into the following non-competition deeds:

- (a) a non-competition deed with Thomas Lim (the "**TL Non-Competition Deed**") and a non-competition deed with Rocky Lim (the "**RL Non-Competition Deed**");
- (b) a non-competition deed with CCM International (the "**CCM International Non-Competition Deed**") and a non-competition deed with Chastan (the "**Chastan Non-Competition Deed**"); and
- (c) a non-competition deed with CCM Ventures (the "**CCM Ventures Non-Competition Deed**") and a non-competition deed with CCM Australia (the "**CCM Australia Non-Competition Deed**").

TL Non-Competition Deed and RL Non-Competition Deed

Under the TL Non-Competition Deed and the RL Non-Competition Deed, each of Thomas Lim and Rocky Lim respectively irrevocably and unconditionally undertook that he will not (save that (i) the provisions of the TL Non-Competition Deed do not apply in respect of CCM International and Chastan, and CCM Ventures and CCM Australia; and (ii) the provisions of the RL Non-Competition Deed do not apply in respect of CCM International and Chastan), other than the direct or indirect holding of any securities listed on a stock exchange where such securities do not exceed five per cent. (5.0%) of the total voting rights of the issuer:

- (a) either on his own account or in conjunction with or on behalf of any person, firm or company, carry on or be employed, engaged, concerned, provide expertise or be interested directly or indirectly in, any business that may compete, directly or indirectly, with any business carried on from time to time by our Company or any of its present or future subsidiaries, whether as shareholder, director, employee, partner, agent or otherwise, that is the same, similar to, or in competition with the business of the retail and distribution of electrical products and accessories;
- (b) either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from any Group company, the custom of any person, firm, company or organisation who shall at any time during the duration of the non-competition deed have been a supplier, customer, client, agent or correspondent of our Group or in the habit of dealing with our Group;
- (c) either on his own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from any Group company any person who is an officer, manager or employee of our Group who shall at any time during the duration of the non-competition deed have been an officer, manager or employee of our Group whether or not such person would commit a breach of his contract of or associated company employment by reason of leaving such employment;

- (d) make use of or disclose or divulge to any third party any confidential information or trade secrets relating to any Group company, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction; and
- (e) in relation to any trade, business or company, use any trade name, trademark or symbol used by our Group at present or in the future (whether registered or not, including but not limited to such words and graphs as “Choo Chiang”, “CCM” or “CRM”) in such a way as to be capable of being or likely to be confused with the name of our Company, or any Group company and shall use all reasonable endeavours to procure that no such name shall be used by any person, firm or company with which it is connected.

Each of the TL Non-Competition Deed and RL Non-Competition Deed shall commence on the date on which our Shares commence trading on Catalist and shall:

- (a) in the case of the TL Non-Competition Deed, terminate upon the happening of the following events:
 - (i) Thomas Lim and his Associates ceasing to be the following: (A) a Controlling Shareholder of our Company; and (B) an executive officer, CEO or Director of our Company; or
 - (ii) subsequent to the listing, the Shares of our Company ceasing to be listed and traded on the SGX-ST,

whichever is earliest; and
- (b) in the case of the RL Non-Competition Deed, terminate upon the happening of the following events:
 - (i) Rocky Lim and his Associates ceasing to be the following: (A) a Controlling Shareholder of our Company; and (B) an executive officer, CEO or Director of our Company; or
 - (ii) subsequent to the listing, the Shares of our Company ceasing to be listed and traded on the SGX-ST,

whichever is earliest.

CCM International Non-Competition Deed and Chastan Non-Competition Deed

Under the CCM International Non-Competition Deed and the Chastan Non-Competition Deed, each of CCM International and Chastan irrevocably and unconditionally undertook that it will not, other than the direct or indirect holding of any securities listed on a stock exchange where such securities do not exceed five per cent. (5.0%) of the total voting rights of the issuer:

- (a) either on its own account or in conjunction with or on behalf of any person, firm or company, carry on or be employed, engaged, concerned, provide expertise or be interested directly or indirectly in, any business that may compete, directly or indirectly, with any business carried on from time to time by our Company or any of its present or future subsidiaries, whether as shareholder, director, employee, partner, agent or otherwise, that is the same, similar to, or in competition with the business of the retail and distribution of electrical products and accessories;
- (b) either on its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from any Group company, the custom of any person, firm, company or organisation who shall at any time during the duration of the non-competition deed have been a supplier, customer, client, agent or correspondent of our Group or in the habit of dealing with our Group;
- (c) either on its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from any Group company any person who is an officer, manager or employee of our Group who shall at any time during the duration of the non-competition deed have been an officer, manager or employee of our Group whether or not such person would commit a breach of his contract of or associated company employment by reason of leaving such employment;

- (d) make use of or disclose or divulge to any third party any confidential information or trade secrets relating to any Group company, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction; and
- (e) in relation to any trade, business or company, use any trade name, trademark or symbol used by our Group at present or in the future (whether registered or not, including but not limited to such words and graphs as “Choo Chiang”, “CCM” or “CRM”) in such a way as to be capable of being or likely to be confused with the name of our Company, or any Group company and shall use all reasonable endeavours to procure that no such name shall be used by any person, firm or company with which it is connected.

Each of the CCM International Non-Competition Deed and the Chastan Non-Competition Deed shall commence on the date on which our Shares commence trading on Catalist and shall terminate upon the happening of the following events:

- (a) Thomas Lim and Rocky Lim and their respective Associates ceasing to be (as the case may be) the following: (A) a Controlling Shareholder of our Company; and (B) an executive officer, CEO or Director of our Company; or
- (b) subsequent to the listing, the Shares of our Company ceasing to be listed and traded on the SGX-ST; or
- (c) each of Thomas Lim, Rocky Lim and their respective Associates ceasing to be interested directly or indirectly in any of the voting rights of CCM International and Chastan,

whichever is earliest.

CCM Ventures Non-Competition Deed and CCM Australia Non-Competition Deed

Under the CCM Ventures Non-Competition Deed and the CCM Australia Non-Competition Deed, each of CCM Ventures and CCM Australia irrevocably and unconditionally undertook that it will not (save for the carrying on by CCM Australia of trading in electrical products and accessories in Australia and the use by CCM Australia of its Australian TM in connection with such business in Australia), other than the direct or indirect holding of any securities listing on a stock exchange where such securities do not exceed five per cent. (5.0%):

- (a) either on its own account or in conjunction with or on behalf of any person, firm or company, carry on or be employed, engaged, concerned, provide expertise or be interested directly or indirectly in, any business that may compete, directly or indirectly, with any business carried on from time to time by our Company or any of its present or future subsidiaries, whether as shareholder, director, employee, partner, agent or otherwise, that is the same, similar to, or in competition with the business of the retail and distribution of electrical products and accessories;
- (b) either on its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from any Group company, the custom of any person, firm, company or organisation who shall at any time during the duration of the non-competition deed have been a supplier, customer, client, agent or correspondent of our Group or in the habit of dealing with our Group;
- (c) either on its own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from any Group company any person who is an officer, manager or employee of our Group who shall at any time during the duration of the non-competition deed have been an officer, manager or employee of our Group whether or not such person would commit a breach of his contract of or associated company employment by reason of leaving such employment;
- (d) make use of or disclose or divulge to any third party any confidential information or trade secrets relating to any Group company, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction; and

- (e) in relation to any trade, business or company, use any trade name, trademark or symbol used by our Group at present or in the future (whether registered or not, including but not limited to such words and graphs as “Choo Chiang”, “CCM” or “CRM”) in such a way as to be capable of being or likely to be confused with the name of our Company, or any Group company and shall use all reasonable endeavours to procure that no such name shall be used by any person, firm or company with which it is connected.

The non-competition obligations under each of the CCM Ventures Non-Competition Deed and the CCM Australia Non-Competition Deed shall commence on the date on which our Shares commence trading on Catalist and shall terminate upon the happening of the following events:

- (a) Thomas Lim and his Associates ceasing to be the following: (A) a Controlling Shareholder of our Company; and (B) an executive officer, CEO or Director of our Company; or
- (b) subsequent to the listing, the Shares of our Company ceasing to be listed and traded on the SGX-ST; or
- (c) each of Thomas Lim and his Associates ceasing to be interested directly or indirectly in any of the voting rights of CCM Ventures and CCM Australia,

whichever is earliest.

In addition, in the event of the occurrence of any of the following events, CCM Ventures and CCM Australia have undertaken to effect a change in their names such that they do not contain any name or word used by our Group at present or in the future in such a way as to be capable of being or likely to be confused with the name of our Company, or any Group Company:

- (a) Thomas Lim and his Associates ceasing to be the following: (A) a Controlling Shareholder of our Company; and (B) an executive officer, CEO or Director of our Company; or
- (b) Thomas Lim and/or his Associates ceasing to be interested directly or indirectly in the majority of the voting rights of CCM Ventures and/or CCM Australia.

Undertaking by Thomas Lim in relation to CCM Ventures and CCM Australia

Thomas Lim has given an undertaking to our Company (the “**TL Undertaking**”) that he will within two (2) years from the date of the listing of our Company on Catalist divest his shareholding in CCM Ventures to persons other than his Associates such that he will no longer be a shareholder of CCM Ventures.

In connection with the above, Thomas Lim will notify our Company when he divests his shareholdings in CCM Ventures. Our Company will accordingly make an announcement via SGXNET.

In addition, Thomas Lim has under the TL Undertaking granted our Company a right of first refusal in respect of any sale or transfer of any shares in CCM Ventures by himself.

Thomas Lim has also undertaken that for as long as he is interested directly or indirectly in any voting rights in CCM Ventures or CCM Australia, he shall exercise all his voting rights in CCM Ventures against any proposals/resolutions contrary to the following matters:

- (a) CCM Ventures shall provide quarterly management accounts of each of CCM Ventures and CCM Australia to our Company within 45 days from the end of each quarter;
- (b) CCM Ventures and CCM Australia shall carry on business only in the ordinary course and in a manner consistent with its past practices; and

- (c) CCM Australia shall remain a wholly-owned subsidiary of CCM Ventures, other than in the situation whereby:
 - (i) CCM Ventures has received an offer from a proposed purchaser (being a party other than Thomas Lim or his Associates) to purchase all or some of the shares in CCM Australia;
 - (ii) our Company declines to exercise our right of first refusal (granted by CCM Ventures to the Purchaser under the CCM Ventures Undertaking (referred to below) to purchase such shares in CCM Australia; and
 - (iii) CCM Ventures thereafter sells and transfers such shares in CCM Australia to such proposed purchaser at a price and on terms no more favourable than that offered to our Company under our right of first refusal.

Undertaking by CCM Ventures in relation to CCM Australia

CCM Ventures has given an undertaking to our Company (the “**CCM Ventures Undertaking**”) that in the event of any proposed issue by CCM Ventures of any shares to any Associate of Thomas Lim, it shall be a condition precedent to such issue that:

- (a) the proposed subscriber enters into a call option agreement with our Company to grant to our Company a call option in respect of all shares that the proposed subscriber holds or may hold in CCM Ventures, such call option agreement to be on terms and conditions substantially the same as the TL Call Option Agreement; and
- (b) the proposed subscriber grants to our Company such undertakings as are substantially the same as the undertakings granted by Thomas Lim to our Company under the TL Undertaking.

CCM Ventures has under the CCM Ventures Undertaking granted our Company a right of first refusal in respect of any sale or transfer of any shares in CCM Australia by it.

CCM Ventures has also undertaken that for as long as Thomas Lim and/or his Associates is interested directly or indirectly in any voting rights in CCM Ventures:

- (a) CCM Ventures shall provide quarterly management accounts of each of CCM Ventures and CCM Australia to our Company within 45 days from the end of each quarter;
- (b) CCM Ventures and CCM Australia shall carry on business only in the ordinary course and in a manner consistent with its past practices; and
- (c) CCM Australia shall remain a wholly-owned subsidiary of CCM Ventures, other than in the situation whereby:
 - (i) CCM Ventures has received an offer from a proposed purchaser (being a party other than Thomas Lim or his Associates) to purchase all or some of the shares in CCM Australia;
 - (ii) our Company declines to exercise our right of first refusal (granted by CCM Ventures to the Purchaser under the CCM Ventures Undertaking) to purchase such shares in CCM Australia; and
 - (iii) CCM Ventures thereafter sells and transfers such shares in CCM Australia to such proposed purchaser at a price and on terms no more favourable than that offered to our Company under our right of first refusal.

In relation to the exercise of the right of first refusal in respect of any sale of any shares in CCM Ventures by Thomas Lim or in respect of any sale of any shares in CCM Australia by CCM Ventures, our Financial Controller will review: (i) the quarterly management accounts of CCM Ventures or CCM Australia (as the case may be); and (ii) the terms of sale in the transfer notice provided by Thomas Lim and/or CCM Ventures (as the case may be) and present the same for review by our Independent Directors and our Board. In addition, our Company will make available to our Independent Directors access to independent

professional advice including technical advice and market information (if required) when conducting their review. The decision on the exercise of the right of first refusal will rest with our Independent Directors with the concurrence of our Audit Committee. The Directors interested in the transaction shall abstain from voting. In the event of a conflict between the decision of our Audit Committee and our Independent Directors, the decision of our Audit Committee shall prevail. In addition, approval of our Shareholders shall be obtained by our Company prior to the completion of the transaction, if required under the Catalyst Rules.

As described under the section entitled “Interested Person Transactions – Present and On-Going Interested Person Transactions – Call Option with Thomas Lim” of this Offer Document, our Company had on 26 June 2015 entered into the TL Call Option Agreement with Thomas Lim and CCM Ventures, pursuant to which our Company was granted the TL Call Option to acquire all the shares Thomas Lim may from time to time own in CCM Ventures. Upon exercise of the TL Call Option and completion of the acquisition of such shares in CCM Ventures, both CCM Ventures and CCM Australia would be consolidated within our Group (assuming that Thomas Lim holds the majority of the issued shares in CCM Ventures at the time of exercise of the TL Call Option).

In addition, as described under the section entitled “Interested Person Transactions – Present and On-Going Interested Person Transactions – Call Option with CCM Australia” of this Offer Document, our Company had on 26 June 2015 entered into the Australian TM Call Option Agreement with CCM Australia, pursuant to which our Company was granted the Australian TM Call Option to purchase the Australian TM used by CCM Australia in Australia and which CCM Australia has applied for such trademark to be registered in Australia. Such call option may be exercised by our Company after Thomas Lim and his Associates cease to collectively hold a majority interest (direct or indirect) in the shares of CCM Australia.

Other Companies

Our Board believes that the interest of our Directors, Controlling Shareholders and their Associates in the following companies and/or their relationship with these companies do not pose any conflict for the reasons set out below:

(i) Xile

As at the Latest Practicable Date, Cheong Wee Lim Daniel owned a 13.3% interest in the issued and paid-up share capital of Xile and is also a director of Xile. Cheong Wee Lim Daniel is the brother of Cheong Wee Ker Derek who is the son-in-law of Thomas Lim, our Executive Chairman and CEO.

As disclosed in the section entitled “Interested Person Transactions – Relevant Person Transactions” of this Offer Document, Xile was previously the exclusive distributor in Singapore in respect of electrical cables for Xingle Group and during the Relevant Period, our Group had purchased such electrical cables from Xile. However, since July 2014, our Group has started to transact directly with Xingle Group and since February 2015, our Group has ceased transacting with Xile. To the best of our Directors’ knowledge and belief, as at the Latest Practicable Date, Xile has also ceased distributing electrical cables for Xingle Group.

Our Board is of the view that there are no potential conflicts of interests arising from the relationship described above as: (i) Thomas Lim and his Associates do not have any interest whether direct or indirect in Xile; (ii) to the best of our Directors’ knowledge and belief, as at the Latest Practicable Date, Xile does not carry on the same business, and does not deal in similar products, which compete materially and directly with the existing business of our Group; and (iii) Thomas Lim has provided the TL Non-Competition Deed.

(ii) Jinshuo

Jinshuo was established in the PRC and has been dormant since its establishment. The majority of the shareholding of Jinshuo is held by CCM International with an unrelated third party as a minority shareholder.

Our Board is of the view that there are no potential conflicts of interests arising from the interests of Thomas Lim and Rocky Lim in Jinshuo in view that: (i) Jinshuo is a dormant company as at the Latest Practicable Date; and (ii) CCM International has provided the CCM International Non-Competition Deed.

(iii) Grimm Industries BVI

Grimm Industries BVI is incorporated in the BVI and is dormant. CCM International holds 100% of the shareholding of Grimm Industries BVI, and Thomas Lim is a director of Grimm Industries BVI.

Our Board is of the view that there are no potential conflicts of interests arising from the interests of Thomas Lim and Rocky Lim in Grimm Industries BVI in view that: (i) Grimm Industries BVI is a dormant company as at the Latest Practicable Date; and (ii) CCM International has provided the CCM International Non-Competition Deed.

(iv) Grimm Industries

Grimm Industries is incorporated in Singapore. As at the Latest Practicable Date, CCM International owned 72.5% of the issued and paid-up share capital of Grimm Industries, and Thomas Lim and Rocky Lim in turn owned 80% interest and 20% interest respectively in the issued and paid-up share capital of CCM International. As at the Latest Practicable Date, Thomas Lim and Rocky Lim who are Executive Directors of our Company are also directors of Grimm Industries.

Grimm Industries is principally engaged in the manufacturing of hardware such as hinges, latches and handles, which are mainly exported to Europe.

Our Board is of the view that there are no potential conflicts of interests arising from the interests of Thomas Lim and Rocky Lim in Grimm Industries in view that: (i) Thomas Lim and Rocky Lim do not have any executive role in the management of Grimm Industries; (ii) Grimm Industries is principally a manufacturer whereas our Group is an established retailer and distributor; (iii) Grimm Industries does not target the same customer segment as our Group and our Group does not carry the type of products manufactured by Grimm Industries; and (iv) CCM International has provided the CCM International Non-Competition Deed.

(v) Poh Khoon Electrical

As at the Latest Practicable Date, Tan Poh Khoon owned 30.0% interest in the issued and paid-up share capital of Poh Khoon Electrical and is also a director of Poh Khoon Electrical. Tan Poh Khoon is the brother-in-law of Thomas Lim, our Executive Chairman and CEO.

Poh Khoon Electrical is principally engaged in wholesale trading of mainly lighting products in Singapore.

Our Board is of the view that there are no potential conflicts of interests arising from the relationship described above as: (i) Thomas Lim and his Associates do not have any interest, whether direct or indirect, in Poh Khoon Electrical; (ii) our Group does not regard Poh Khoon Electrical as a competitor as Poh Khoon Electrical operates on a different scale and is focused mainly on lighting products whereas our Group carries an extensive range of other electrical products and accessories such as cables, trunking and pipes; and (iii) Thomas Lim has provided the TL Non-Competition Deed.

Save as disclosed in the sections entitled “Restructuring Exercise”, “Shareholders” and “Interested Person Transactions” and “Interested Person Transactions – Potential Conflicts of Interest” of this Offer Document, and save in respect of CCM International, Chastan, CCM Ventures and CCM Australia, during the Period under Review and up to the Latest Practicable Date, none of our Directors, Controlling Shareholders or any of their Associates has any interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group’s customer or supplier of goods or services.

Save as disclosed in the sections entitled “Interested Person Transactions” and “Directors, Management and Staff – Service Agreements” of this Offer Document, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or any of its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of its subsidiaries.

No expert is employed on a contingent basis by our Company or any of our subsidiaries; or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

Interests of the Sponsor and Issue Manager, and the Underwriter and Placement Agent

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document, our Company does not have any material relationship with the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other financial adviser in relation to the Invitation:

- (a) CIMB Bank is the Sponsor and Issue Manager of the Invitation;
- (b) CIMB Securities is the Underwriter and Placement Agent of the Invitation;
- (c) CIMB Bank is the Receiving Bank of the Invitation; and
- (d) CIMB Bank will be the continuing sponsor of our Company for an initial period of three (3) years from the date our Company is admitted to and listed on Catalist.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors are set out below:

Name	Age	Address	Principal Occupation
Thomas Lim	59	10 Woodlands Loop Singapore 738388	Executive Chairman and CEO
Rocky Lim	53	10 Woodlands Loop Singapore 738388	Executive Director
Chin Chee Choon	42	100 Beach Road #30-00 Shaw Towers Singapore 189702	Auditor
Pebble Sia	41	279 River Valley Road #05-01 Singapore 238320	Advocate and Solicitor
Lee Weilin	34	9 Battery Road #25-01 Straits Trading Building Singapore 049910	Advocate and Solicitor

Our Directors' career and academic history, business experience and general areas of responsibility within our Group are set out below:

Thomas Lim is our founder and is currently our Executive Chairman and CEO. He has been in the electrical products retail business for more than 40 years. He was a founding partner of Choo Chiang Electrical Trading Service which was subsequently corporatised when CCM was incorporated to take over the business in July 1991. Thomas Lim has been a director of CCM since its incorporation. He is responsible for the overall management and development of the Group as well as formulating the Group's strategic directions and expansion plans, and developing and maintaining relationships with our customers and suppliers.

Rocky Lim is currently our Executive Director. He 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 became appointed 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.

Chin Chee Choon is our Lead Independent Director and was appointed to our Board on 25 June 2015. He is currently a director in the Assurance Division and heads the Corporate Governance and Risk Management services of Nexia TS Public Accounting Corporation. He has more than 17 years of experience in external audit, internal audit and risk management with two (2) Big Four accounting firms in Singapore, namely Deloitte & Touche LLP and PricewaterhouseCoopers, and two (2) United States of America multinational corporations, Computer Sciences Corporation and Murphy Oil Corporation, prior to joining Nexia TS Public Accounting Corporation. He graduated with a Bachelor's Degree in Accountancy from the University of South Australia and a Post Graduate Diploma in Organisational Leadership from the University of Oxford in the United Kingdom, and he is a Fellow Certified Practising Accountant of CPA Australia, a Certified Internal Auditor of the Institute of Internal Auditors of the United States of America, a Chartered Accountant of Singapore and Certified Public Accountant of the Institute of Singapore Chartered Accountants and an Ordinary Member of the Singapore Institute of Directors.

Pebble Sia is our Independent Director and was appointed to our Board on 25 June 2015. She is currently the Founder Director of Esquire Law Corporation. She commenced her legal practice at David Lim & Partners LLP in 1997 and thereafter practiced at John Koh & Co. She obtained a Bachelor of Laws with Second Class Honours (Upper Division) from King's College London in 1995. She was admitted as a Barrister-at-law (Middle Temple) of England in 1996 and as an Advocate and Solicitor of the Supreme Court of Singapore in 1997.

Lee Weilin is our Independent Director and was appointed to our Board on 25 June 2015. She commenced her legal practice at Rajah & Tann Singapore LLP and is currently a partner there. Lee Weilin has more than eight (8) years of experience in legal practice, and her areas of practice are corporate law, with a specialisation in banking and finance, corporate finance and restructurings. Lee Weilin obtained a Bachelor of Laws with Second Class Honours (Upper Division) and a Bachelor of Science from the National University of Singapore. She was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 2007.

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNET or in the offer document) identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. With regard to Rule 406(3)(a) of the Catalist Rules, two (2) of our Directors, Chin Chee Choon and Pebble Sia, have prior and current experience as directors of public listed companies in Singapore and are therefore familiar with the roles and responsibilities of a director of a public listed company in Singapore. As for our other Directors, Thomas Lim, Rocky Lim and Lee Weilin, our Company will make arrangements for them to receive relevant training to familiarise themselves with the roles and responsibilities of a director of a public listed company on the SGX-ST prior to the admission of our Company to Catalist.

The list of present and past principal directorships of each Director over the last five (5) years up to the Latest Practicable Date and excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Thomas Lim	<i>Group Corporations</i>	<i>Group Corporations</i>
	CCM	Nil
	Neiken	
	<i>Other Corporations</i>	<i>Other Corporations</i>
	CCM Australia CCM International CCM Ventures Chastan Grimm Industries Grimm Industries BVI Lim Trust	Amazing Grace Health Products (Singapore) Pte. Ltd.
Rocky Lim	<i>Group Corporations</i>	<i>Group Corporations</i>
	CCM	Nil
	Neiken	
	<i>Other Corporations</i>	<i>Other Corporations</i>
	CCM International Chastan Grimm Industries Lim Trust	Nil

Name	Present Directorships	Past Directorships
Chin Chee Choon	<i>Group Corporations</i> Nil <i>Other Corporations</i> NTS Asia Advisory Sdn Bhd Versalink Holdings Limited	<i>Group Corporations</i> Nil <i>Other Corporations</i> Charisma Energy Services Limited ICP Ltd. Nexia TS Public Accounting Corporation
Pebble Sia	<i>Group Corporations</i> Nil <i>Other Corporations</i> Basslet Group Limited Cappelletti Limited Chrysses Limited Esquire Law Corporation GDS Global Limited Hexagon Residences Pte. Ltd. Lacho Calad Pte. Ltd. Maria Grachvogel Pte. Ltd. Prudential Advisory Services Pte. Ltd.	<i>Group Corporations</i> Nil <i>Other Corporations</i> Bao Hua International (HK) Limited Bernard Quaritch (Asia) Pte. Ltd. Bouman Kraus, PC Pte. Ltd. Digitalents Capital Pte. Ltd. GPSI Asia Pte. Ltd. Granite.Ean Global Capital Private Limited Jade Mountain Group Limited Jade Palace Trading Limited Leedon Partners Pte. Ltd. Legacy Resources Limited Quanah Empathy Foundation Singapore Limited Radical Studios Asia Pte. Ltd. TGAL Pte. Ltd.
Lee Weilin	<i>Group Corporations</i> Nil Other Corporations Nil	<i>Group Corporations</i> Nil Other Corporations Nil

EXECUTIVE OFFICERS

The particulars of our Executive Officers are set out below:

Name	Age	Address	Designation
Boo Chong Meng	60	10 Woodlands Loop Singapore 738388	Operations Director
Wilson Foo	43	10 Woodlands Loop Singapore 738388	General Manager
Morland Fu	34	10 Woodlands Loop Singapore 738388	Financial Controller
Josephine Tay	45	10 Woodlands Loop Singapore 738388	Administrative Manager
Andy Tay	42	10 Woodlands Loop Singapore 738388	Purchasing Manager

Our Executive Officers' career and academic history, business experience and areas of responsibility within our Group are set out below:

Boo Chong Meng joined our Group in September 2000 as our Operations Director and is assisting the Executive Chairman and CEO in overseeing the Property Investment business segment of our Group. From October 1989 to January 1999, he set up Seng Siang Electrical Engineering as a sole proprietorship which was engaged in the business of installing electrical products and accessories. From March 1998 to July 2003, he was the executive director of Chastan where he was responsible for the internal operations of the company.

Wilson Foo joined our Group in 1993 and is currently our General Manager and is responsible for the overall management of the business, which includes overseeing and managing the day-to-day operations of our Group's business. He also assists the Executive Chairman and CEO in formulating marketing and sales strategies, conducting marketing activities to promote the Group's OEM products, as well as sourcing for sales opportunities, and focuses mainly on generating sales for the Group. He started out as a shop helper where he was responsible for serving customers at our retail branches. Between February 1995 to March 1999, he left the Group for the Republic of Singapore Air Force as an Air Crew Specialist before joining us back in March 1999 where he was responsible for outdoor sales. He also took on various positions as branch assistant manager and branch manager before being promoted to our General Manager in 2007.

Morland Fu joined our Group in August 2014 as our Financial Controller and is responsible for overseeing the financial accounting and reporting function of our Group's business. He also develops and implements the Group's core processes, systems and internal controls. Prior to joining our Group, he had several experience in auditing functions. From July 2004 to August 2008, he was the audit-in-charge at Deloitte Touche Tohmatsu CPA Ltd in the PRC where he led various engagements involving listed companies and initial public offerings in Hong Kong, the PRC and the United States of America. From September 2008 to August 2014, he was a senior manager at Deloitte & Touche LLP where he managed and delivered multiple external audit assignments, including several initial public offerings on the SGX-ST and bond issuance projects. He obtained a Bachelor's Degree 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.

Josephine Tay joined our Group in April 1991 as our Administrative Manager and is responsible for all aspects of human resource and administrative functions of our Group and also the handling of accounts. Prior to joining our Group, 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.

Andy Tay joined our Group in July 1998 and is currently our Purchasing Manager and is responsible for the procurement of electrical products and accessories for our Group, as well as developing and implementing purchasing strategies of the Group. He started out at Info Ad Publishing Pte Ltd in 1995 as an advertising sales executive, after which he joined two more companies where he took on a managerial role and was responsible for identifying and reaching out to new potential customers, responding to sales enquiries and providing solutions to clients' enquiries. He joined our Group as a wholesales executive in July 1998, and subsequently took in various positions like retail sales assistance manager, head of project sales, project sales manager and export sales manager, before being promoted to Purchasing Manager in 2009.

The list of present and past principal directorships of each Executive Officer over the last five (5) years up to the Latest Practicable Date and excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Boo Chong Meng	<i>Group Corporations</i>	<i>Group Corporations</i>
	Nil	Nil
	<i>Other Corporations</i>	<i>Other Corporations</i>
	Everwealth Investments Pte. Ltd.	Nil
Wilson Foo	<i>Group Corporations</i>	<i>Group Corporations</i>
	Nil	Nil
	<i>Other Corporations</i>	<i>Other Corporations</i>
	Nil	Nil
Morland Fu	<i>Group Corporations</i>	<i>Group Corporations</i>
	Nil	Nil
	<i>Other Corporations</i>	<i>Other Corporations</i>
	Nil	Nil
Josephine Tay	<i>Group Corporations</i>	<i>Group Corporations</i>
	Nil	Nil
	<i>Other Corporations</i>	<i>Other Corporations</i>
	Nil	Nil
Andy Tay	<i>Group Corporations</i>	<i>Group Corporations</i>
	Nil	Nil
	<i>Other Corporations</i>	<i>Other Corporations</i>
	Nil	Nil

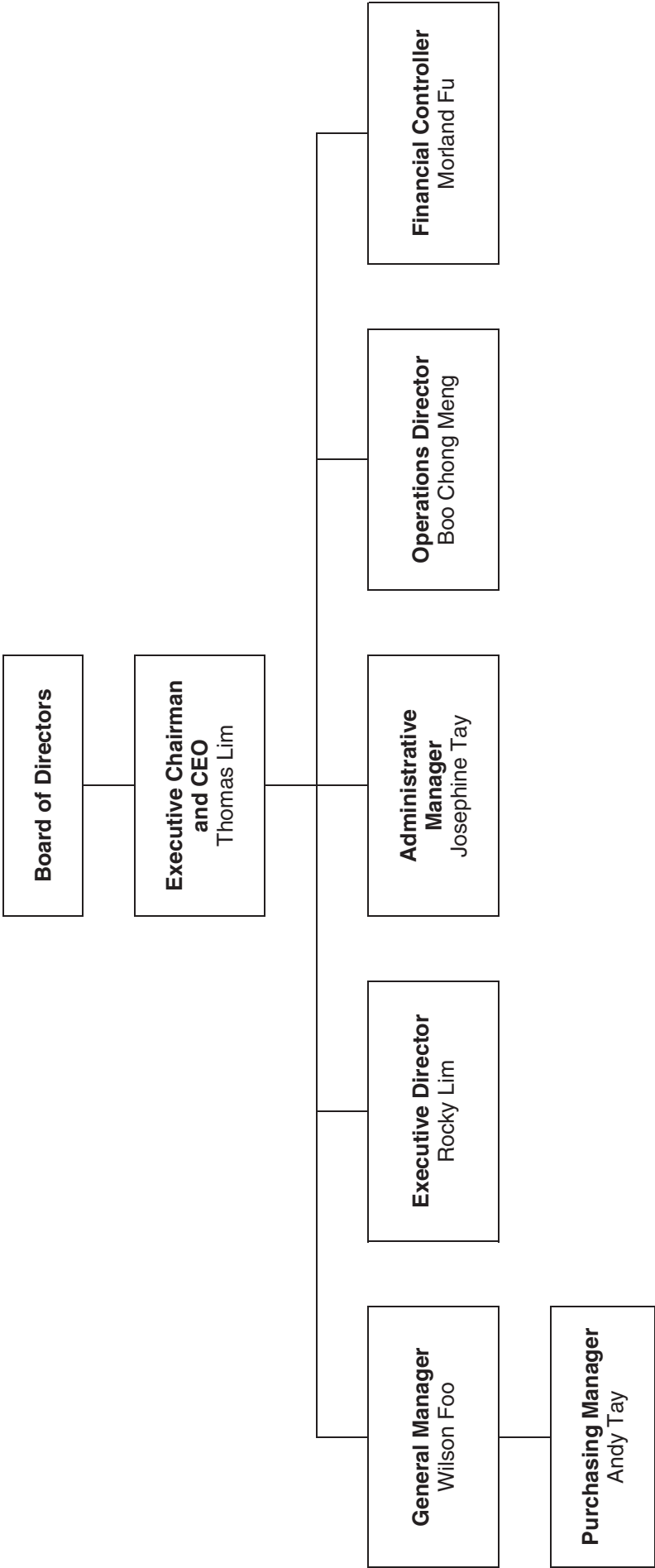
Thomas Lim and Rocky Lim are brothers. Wilson Foo is the nephew of Thomas Lim and Rocky Lim. Josephine Tay is the wife of Rocky Lim, and Andy Tay is Josephine Tay's brother.

Save as disclosed in this section, none of our Directors and Executive Officers has any familial relationship with another Director, Executive Officer or Substantial Shareholder of our Company.

To the best of our knowledge and belief, there is no arrangement or understanding with a Substantial Shareholder, customer or supplier of our Company or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or an Executive Officer of our Company.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid during FY2013 and FY2014 and the estimated remuneration to be paid for FY2015 to our Directors and Executive Officers for services rendered to our Group are set out in the following remuneration bands⁽¹⁾:

	FY2013	FY2014	FY2015 ⁽³⁾ (estimated)
Directors			
Thomas Lim	Band D	Band C	Band C
Rocky Lim	Band C	Band B	Band B
Chin Chee Choon	— ⁽²⁾	— ⁽²⁾	Band A
Pebble Sia	— ⁽²⁾	— ⁽²⁾	Band A
Lee Weilin	— ⁽²⁾	— ⁽²⁾	Band A
Executive Officers			
Boo Chong Meng	Band A	Band A	Band A
Wilson Foo	Band A	Band A	Band A
Morland Fu	— ⁽²⁾	Band A	Band A
Josephine Tay	Band A	Band A	Band A
Andy Tay	Band A	Band A	Band A

Notes:

(1) Remuneration bands:

"Band A" refers to remuneration of an amount up to S\$250,000 per annum.

"Band B" refers to remuneration between S\$250,001 and S\$500,000 per annum.

"Band C" refers to remuneration between S\$500,001 and S\$750,000 per annum.

"Band D" refers to remuneration between S\$1,250,001 and S\$1,500,000 per annum.

(2) These persons were not yet appointed or employed by our Group during the relevant periods.

(3) In respect of FY2015, the remuneration of our Executive Chairman and CEO, Thomas Lim, and Executive Director, Rocky Lim, are estimated assuming that: (i) their Service Agreements take effect from 1 August 2015; and (ii) any profit sharing incentive bonus payable under the Service Agreements is excluded. Please refer to the section entitled "Service Agreements" of this Offer Document for further details. In respect of FY2015, the estimated remuneration of our Executive Officers also excludes bonuses.

As at the Latest Practicable Date, save as required for compliance with the applicable laws, we have not set aside or accrued any amounts for our Directors and Executive Officers to provide for pension, retirement or similar benefits.

Related Employees

As at the Latest Practicable Date, other than our Directors and Executive Officers whose relationship with one another and their remuneration are disclosed in the sections entitled "Shareholders – Ownership Structure", "Directors, Management and Staff – Directors", "Directors, Management and Staff – Executive Officers" and "Directors, Management and Staff – Directors' and Executive Officers' Remuneration" of this Offer Document, we have 14 employees who are related to our Executive Directors, Executive Officers and Substantial Shareholders (the "**Related Employees**"), the details of which are as follows:

Name	Title	Relationship with our Directors, Executive Officers and Substantial Shareholders
Foo Guey Shin	Branch manager (Toh Guan retail branch)	Wilson Foo's sister
Foo Kwee Bin	Retail supervisor (Woodlands retail branch)	Wilson Foo's brother
Johnny Lim	Retail supervisor (Ang Mo Kio retail branch)	Thomas Lim and Rocky Lim's brother
Lai Yeen Ting	Administrative officer	Wilson Foo's sister-in-law
Lim Chi Chun	Credit controller	Thomas Lim and Rocky Lim's niece
Lim Mui Eng	Branch manager (Toa Payoh retail branch)	Thomas Lim and Rocky Lim's sister

Name	Title	Relationship with our Directors, Executive Officers and Substantial Shareholders
Lim Seoh Keow	Sales executive (Sims Avenue retail branch)	Thomas Lim and Rocky Lim's sister
Lim Boon Huat	Shop keeper (Sims Avenue retail branch)	Thomas Lim and Rocky Lim's niece's husband
Ong Beng San	District manager	Thomas Lim and Rocky Lim's brother-in-law
Tan Koh Chu	Sales executive (Toh Guan retail branch)	Thomas Lim and Rocky Lim's cousin's son
Tan Siew Luan	Purchasing officer	Thomas Lim and Rocky Lim's sister
Tan Yong Hua	Warehouse storeman	Thomas Lim and Rocky Lim's cousin
Tan Yong Lai	Driver	Thomas Lim and Rocky Lim's cousin
Tay Ann Khim	Retail supervisor (Bendemeer retail branch)	Josephine Tay and Andy Tay's brother

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind, if any) of each of the Related Employees in each of FY2012, FY2013 and FY2014 were less than S\$130,000 per annum.

The basis of determining the remuneration of these Related Employees is the same as the basis of determining the remuneration of other unrelated employees. The remuneration of any employees who are related to our Directors, Executive Officers and Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, that member will abstain from the review.

Save as disclosed above, none of our employees are related either by blood or marriage to our Directors, Executive Officers and Substantial Shareholders.

EMPLOYEES

As at the Latest Practicable Date, we have 131 full-time employees.

A breakdown of our full-time employees by function is as follows:

Function	As at 31 December			As at the Latest Practicable Date
	2012	2013	2014	
Management	6	6	7	7
Finance, human resource and administration	24	23	18	18
Purchasing and projects	14	13	11	11
Warehouse and logistics	36	29	39	37
Marketing and sales	57	54	57	58
Total	137	125	132	131

We do not experience any significant seasonal fluctuations in our number of employees. We do not employ any temporary or part time employees.

None of our employees is a member of any labour union. The relationship and cooperation between our management and employees is good and this is expected to continue in the future.

Pension or retirement benefits

As at the Latest Practicable Date, other than amounts set aside or accrued in respect of the relevant laws and regulations, we have not set aside or accrued any amounts for any of our employees to provide for pension, retirement or similar benefits to our employees.

SERVICE AGREEMENTS

We have entered into separate Service Agreements with our Executive Directors, namely our Executive Chairman and CEO, Thomas Lim, and our Executive Director, Rocky Lim (the “**Executives**”). The Service Agreements provide for, *inter alia*, the salary payable to the Executives, annual leave, medical benefits, grounds for termination, and certain restrictive covenants (industry non-compete obligations as set out below). All travelling, accommodation, entertainment and other out-of-pocket expenses reasonably incurred by our Executives in the process of discharging their duties on behalf of our Group will be borne by us. Under each Service Agreement, the remuneration of the Executives shall be subject to annual review by the Remuneration Committee.

The Service Agreements are for a period of two (2) years with effect from the date of admission of our Company to Catalist (unless otherwise terminated by either party giving not less than six (6) months’ notice (or such shorter period as may be mutually agreed between the parties) to the other). We may also at any time forthwith terminate the Service Agreements of the Executives if he shall be, *inter alia*, guilty of any dishonesty, gross misconduct or wilful neglect of duty or if he shall commit any continued material breach of the provisions of his respective Service Agreement, becomes bankrupt or persistently refuses to carry out any reasonable lawful order given to him in the course of his employment or persistently fails to diligently attend to his duties hereunder.

Pursuant to their respective Service Agreements, Thomas Lim and 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 commencing from FY2015, which is calculated based on the consolidated net profit before tax and exceptional items of our Group, before taking into account the annual performance bonus (“**NPBT**”) as follows:

For Thomas Lim:

NPBT	Performance Bonus
S\$8 million ≤ NPBT ≤ S\$12 million	5% of the amount of the NPBT in excess of S\$8 million and subject to a cap of S\$200,000
S\$12 million < NPBT ≤ S\$16 million	S\$200,000 plus 6.25% of the amount of NPBT in excess of S\$12 million; subject to an aggregate cap of S\$450,000
NPBT > S\$16 million	S\$450,000 plus 7.5% of the amount of NPBT in excess of S\$16 million

For Rocky Lim:

NPBT	Performance Bonus
S\$8 million ≤ NPBT ≤ S\$12 million	1% of the amount of the NPBT in excess of S\$8 million and subject to a cap of S\$40,000
S\$12 million < NPBT ≤ S\$16 million	S\$40,000 plus 1.25% of the amount of NPBT in excess of S\$12 million; subject to an aggregate cap of S\$90,000
NPBT > S\$16 million	S\$90,000 plus 1.5% of the amount of NPBT in excess of S\$16 million

Under the Service Agreements, the salary, annual wage supplement and annual performance bonus shall be subject to annual review by the Remuneration Committee to be approved by the Board.

Each of the Executives has agreed, *inter alia*, in his Service Agreement that he will not during his employment with our Company and for a period of six (6) months from the date of cessation of his employment with our Company be engaged or concerned or interested, whether as a shareholder, director, employee, partner, agent or otherwise, in any business in competition with the business that our Group carries on prior to the date that he ceases to be an employee of our Company (other than as a holder of not more than five per cent. (5%) of the total issued shares or debentures of any company listed on any recognised stock exchange provided that he does not or shall not participate in or is otherwise involved in the management of such company or solicit or attempt to solicit any customers or employees from our Group).

In addition, our Group has also entered into service contracts with each of our Executive Officers. These service contracts provide for, *inter alia*, the salary payable to the Executive Officers, annual leave, medical benefits, grounds of termination, and certain restrictive covenants (including industry non-compete obligations similar to those imposed on the Executives).

Save as disclosed above, there are no existing or proposed service agreements between our Company, our Group Companies and any of our Directors. Save as disclosed above, there are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or any of our Group Companies which provide for benefits upon termination of employment.

PERFORMANCE SHARE PLAN

In conjunction with our listing on Catalist, we have adopted a performance share plan known as the “Choo Chiang Performance Share Plan” (the “**Performance Share Plan**”), which was approved by our Shareholders by way of written resolutions passed on 23 June 2015. The rules of our Performance Share Plan are set out in Appendix E of this Offer Document.

The Performance Share Plan will provide eligible participants (each a “**Participant**” and collectively, the “**Participants**”) with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Performance Share Plan forms an integral component of our compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group.

The Performance Share Plan allows our Group to provide an incentive for Participants to achieve certain specific performance targets by awarding fully paid Shares to Participants after these targets have been met. The assessment criteria for granting of Awards (as described below) under the Performance Share Plan will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

As at the date of this Offer Document, no Awards have been granted under the Performance Share Plan.

Objectives of the Performance Share Plan

The main objectives of the Performance Share Plan are as follows:

- (a) to attract potential employees with relevant skills to contribute to our Group and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, our Group;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (d) to give recognition to the contributions made by the Participants to the success of our Group; and
- (e) to retain key employees of our Group whose contributions are essential to the long-term prosperity of our Group.

Summary of the Performance Share Plan

The following is a summary of the rules of the Performance Share Plan. Any capitalised term as used throughout this section, unless otherwise defined, shall bear the meanings as defined in Appendix E of this Offer Document entitled “Performance Share Plan”.

(a) **Eligibility**

The Performance Share Plan allows for participation by confirmed employees of our Group (including Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt at the relevant time, and who, in the absolute discretion of the Remuneration Committee will be eligible to participate in the Performance Share Plan.

Controlling Shareholders or their Associates who meet the above eligibility criteria are eligible to participate in the Performance Share Plan provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the Performance Share Plan to, a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by our independent Shareholders in separate resolutions for each such person.

There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by our Company or any other company within our Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Performance Share Plan may be amended from time to time at the absolute discretion of the Remuneration Committee.

(b) **Awards**

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving the prescribed performance targets.

The selection of the Participants and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Performance Share Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of our Group.

In the case of a performance-related Award, the performance targets will be set by the Remuneration Committee depending on each individual Participant's job scope and responsibilities. The performance targets to be set shall take into account both the medium and long-term corporate objectives of our Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The performance targets could be based on criteria such as sales growth, growth in earnings and returns on investment. In addition, the Participant's length of service with our Group, achievements of past performance targets, ability to value-add to our Group's performance and development and overall enhancement to Shareholder value, amongst others, will be taken into account.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (a) (in relation to a performance-related Award), the performance targets and the performance period during which the prescribed performance targets are to be met;
- (b) the number of Shares to be vested on the Participant; and
- (c) the date by which the Award shall be vested.

The Remuneration Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the pre-determined Singapore dollar amount which the Remuneration Committee decides that a Participant deserves for meeting his performance targets. For example, Shares may be awarded based on predetermined Singapore dollar amounts such that the quantum of Shares comprised in the Award is dependent on the closing price of the Shares transacted on the Market Day that such Award is vested. Alternatively, the Remuneration Committee may decide for absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Remuneration Committee shall monitor the grant of Awards carefully to ensure that the size of the Performance Share Plan will comply with the relevant Catalist Rules.

(c) ***Size and duration of the Performance Share Plan***

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (i) all Awards granted under the Performance Share Plan; and (ii) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of our Company, shall not exceed 15.0% of the total number of issued Shares (including treasury shares) of our Company from time to time.

Our Directors believe that the size of the Performance Share Plan will give our Company sufficient flexibility to decide the number of Shares to be offered under the Performance Share Plan. However, it does not indicate that the Remuneration Committee will definitely issue Shares up to the prescribed limit. The Remuneration Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the Performance Share Plan. This, in turn, will depend on, and be commensurate with, the performance and value of the Participant to our Group.

The aggregate number of Shares that are available to the Controlling Shareholders and their associates under the Performance Share Plan shall not exceed 25.0% of the total number of Shares available under the Performance Share Plan. The number of Shares that are available to each Controlling Shareholder or each of their Associates under the Performance Share Plan shall not exceed 10.0% of the Shares available under the Performance Share Plan.

The Performance Share Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the Performance Share Plan is adopted by our Company in general meeting, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

(d) ***Operation of the Performance Share Plan***

The Remuneration Committee shall have the discretion to determine whether performance targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to our Company and/or any of our subsidiaries justifies the vesting of an Award. In making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance targets if the Remuneration Committee decides that it would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee being satisfied that the Participant has achieved the performance targets.

Subject to the prevailing legislation and the provisions of the Catalist Rules, our Company will be delivering Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants. In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on our Company of either issuing New Shares or purchasing existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

(e) ***Adjustments and alterations under the Performance Share Plan***

(i) Variation of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (A) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (B) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan,

shall be adjusted by the Remuneration Committee to give each Participant the same proportion of the equity capital of our Company as that to which he was previously entitled and, in doing so, the Remuneration Committee shall determine, at its own discretion, the manner in which such adjustment shall be made.

Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (A) the issue of securities as consideration for an acquisition or a private placement of securities;
- (B) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (C) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the Performance Share Plan; and
- (D) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company.

Notwithstanding the provisions of the rules of the Performance Share Plan:

- (A) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (B) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(ii) Modifications to the Performance Share Plan

Any or all the provisions of the Performance Share Plan may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee, provided that:

- (A) any modification or alteration which would be to the advantage of the Participants under the Performance Share Plan shall be subject to the prior approval of Shareholders in a general meeting; and
- (B) no modification or alteration shall be made without due compliance with the Catalyst Rules and such other regulatory authorities as may be necessary.

(f) **Reporting requirements**

Under the Catalist Rules, an immediate announcement must be made on the date of the grant of an Award and provide details of the grant, including the following:

- (i) date of grant;
- (ii) market price of the Shares on the date of grant of the Award;
- (iii) number of Shares granted under the Award;
- (iv) number of Shares granted to Directors under the Award, if any; and
- (v) the vesting period in relation to the Award.

The following disclosures (as applicable) will be made by our Company in our annual report for so long as the Performance Share Plan continues in operation:

- (A) the names of the members of the Remuneration Committee administering the Performance Share Plan;
- (B) in respect of the following Participants:
 - (1) Directors of our Company; and
 - (2) Participants (other than those in paragraph (B)(1) above) who have received Shares pursuant to the vesting of Awards granted under the Performance Share Plan which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the Performance Share Plan,

the following information will be required:

- (AA) the name of the Participant;
 - (BB) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (CC) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the Performance Share Plan to the end of the financial year under review;
 - (DD) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participants pursuant to the vesting of Awards under the Performance Share Plan since the commencement of the Performance Share Plan to the end of the financial year under review; and
 - (EE) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (C) such other information as may be required by the Catalist Rules or the Companies Act.

(g) **Role and composition of the Remuneration Committee**

The Remuneration Committee shall be responsible for the administration of the Performance Share Plan and shall consist of the Directors. As at the date of this Offer Document, the Remuneration Committee comprises Pebble Sia, Chin Chee Choon and Lee Weilin.

The Remuneration Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Performance Share Plan) for the implementation and administration of the Performance Share Plan as they think fit including, but not limited to:

- (i) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (ii) amending performance targets, if by so doing it would be a fairer measure of performance for a Participant or for the Performance Share Plan as a whole.

In compliance with the requirements of the Catalyst Rules, any Participant of the Performance Share Plan who is a member of the Remuneration Committee shall not be involved in the deliberation or decision in respect of Awards granted to or to be granted to him.

Rationale for participation by the Controlling Shareholders and their Associates in the Performance Share Plan

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Performance Share Plan to confirmed full-time employees who are Controlling Shareholders and Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of the Controlling Shareholders and their Associates in the Performance Share Plan will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although Participants who are Controlling Shareholders or Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the Performance Share Plan to include them ensures that they are equally entitled, with the other employees of our Group, who are not Controlling Shareholders or Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Performance Share Plan solely by reason that he is a Controlling Shareholder or an Associate of our Controlling Shareholders.

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each of such Participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of our Controlling Shareholders and their Associates, the number of and terms of the Awards to be granted to the Controlling Shareholders and their Associates shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Performance Share Plan resulting from the participation of employees who are Associates of our Controlling Shareholders.

Rationale for participation by Non-Executive Directors (including Independent Directors)

While the Performance Share Plan caters principally to Group Employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include the Non-Executive Directors.

The Non-Executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, experience, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise the Non-Executive Directors. By aligning the interests of the Non-Executive Directors with the interests of our Shareholders, our Company aims to instil a sense of commitment on the part of the Non-Executive Directors towards serving the short and long-term objectives of our Group.

Our Directors are of the view that including the Non-Executive Directors in the Performance Share Plan will show our Company's appreciation for them and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the Performance Share Plan be made open to the Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of our Company's appreciation.

For the purpose of assessing the contributions of the Non-Executive Directors, the Remuneration Committee will propose a performance framework comprising mainly non-financial performance measurement criteria, such as the extent of involvement and responsibilities shouldered by the Non-Executive Directors. In addition, the Remuneration Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from those contacts and recommendations made by the Non-Executive Directors. The Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to the Non-Executive Directors based on the criteria set out above will be relatively small, in terms of the frequency and numbers. Based on this, our Directors are of the view that the participation by the Non-Executive Directors in the Performance Share Plan will not compromise the independent status of those who are Independent Directors.

Financial effects of the Performance Share Plan

Cost of Awards

Singapore Financial Reporting Standard 102 ("**FRS 102**") relating to share-based payment took effect for all listed companies from 1 January 2005. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing New Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

Share capital

The Performance Share Plan will result in an increase in our Company's issued share capital where new Shares are issued to Participants. The number of New Shares issued will depend on, among others, the size of the Awards granted under the Performance Share Plan. In any case, the Performance Share Plan provides that the number of shares to be issued under the Performance Share Plan will be subject to a maximum limit of 15.0% of our total issued Shares. The aggregate number of Shares available under the Performance Share Plan shall not exceed 15.0% of the total issued share capital of our Company post-

Invitation and from time to time. If instead of issuing New Shares to the Participants, treasury shares are transferred to Participants or our Company pays the equivalent cash value, the Performance Share Plan would have no impact on our Company's total number of issued Shares.

NTA

The Performance Share Plan will result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When the New Shares are issued under the Performance Share Plan, there would be no effect on the NTA. However, if instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, or our Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

EPS

The Performance Share Plan will result in a charge to earnings equivalent over the period from the grant date to the vesting date, computed in accordance with FRS 102. It should again be noted that the delivery of Shares to Participants of the Performance Share Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

CORPORATE GOVERNANCE

Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed, in order to enhance long-term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders and will endeavour to comply with the recommendations set out in the Code of Corporate Governance. Our Board has formed three (3) committees: (i) the Nominating Committee; (ii) the Remuneration Committee; and (iii) the Audit Committee.

Board Practices

Our Articles provide that subject to the Catalist Rules, the number of Directors shall not be less than two (2). None of our Directors are appointed for any fixed term, but at least one-third of our Directors are required to retire at every annual general meeting of our Company. Hence, the maximum term for each Director is three (3) years. Directors who retire are eligible to stand for re-election.

Our Directors are appointed by our shareholders at a general meeting. One-third (or the number nearest one-third) of our Directors, are required to retire from office at each annual general meeting. Furthermore, all our Directors are required to retire from office at least once in every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires.

According to the Code of Corporate Governance, the chairman of the board and the chief executive officer or managing director of a company should be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the board of directors of the company for independent decision making. Our Group's Executive Chairman is also the CEO. The Board is of the view that it is not necessary to separate the roles of the Executive Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of our Group. Thomas Lim is the founder of our Group and has played an instrumental role in developing our business since establishment. He has considerable industry experience and a wide business network and has also provided our Group with strong leadership and vision. The Board is of the view that it is in the interest of our Group to adopt a single leadership structure.

We have appointed Chin Chee Choon as our Lead Independent Director. Our Nominating Committee, Remuneration Committee and Audit Committee are all chaired by Independent Directors. The Board is of the view that 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 our Executive Chairman and CEO being able to exercise considerable power or influence.

Nominating Committee

Our Nominating Committee comprises Lee Weilin, Thomas Lim, Chin Chee Choon and Pebble Sia. The Chairman of our Nominating Committee is Lee Weilin. Our Nominating Committee will be responsible for:

- (a) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Director's contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent;
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director; and
- (d) reviewing and approving any new employment of related persons and the proposed terms of their employment.

Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which addresses how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution of each individual Director to the effectiveness of our Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

Remuneration Committee

Our Remuneration Committee comprises Pebble Sia, Chin Chee Choon and Lee Weilin. The Chairman of our Remuneration Committee is Pebble Sia.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by our Remuneration Committee.

Our Remuneration Committee will also perform an annual review of the remuneration of employees related to our Directors and/or Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Audit Committee

Our Audit Committee comprises Chin Chee Choon, Pebble Sia and Lee Weilin. The Chairman of our Audit Committee is Chin Chee Choon.

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee will meet periodically to perform the following functions:

- (a) review the audit plans of our external auditors and our internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;
- (b) review the external auditors' report;
- (c) review with independent internal auditors the findings of their review report, internal control process and procedures, and make recommendations on the internal control processes and procedures to be adopted by our Group;
- (d) review the co-operation given by our management to our external auditors and our internal auditors, where applicable;
- (e) review the financial statements of our Company and our Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before their submission to our Board for approval;

- (f) review and discuss with auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;
- (g) review and approve interested person transactions and review procedures thereof;
- (h) review transactions falling within the scope of Chapter 9 and 10 of the Catalist Rules if any;
- (i) review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflicts of interests;
- (j) review the transactions between our Group and our major customers (if any) and major suppliers;
- (k) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
- (l) review the independence of the external auditors and recommend their appointment or re-appointment, remuneration and terms of engagement;
- (m) review and approve foreign exchange hedging policies implemented by our Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (n) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (o) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (p) undertake generally such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and our Board, our Board, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address financial, operational and compliance risks of our Group.

Our Audit Committee, after having conducted an interview with Morland Fu and after having considered:

- (a) the qualifications and past working experiences of Morland Fu (as described in the section entitled “Directors, Management and Staff – Executive Officers” of this Offer Document) which are compatible with his position as the Financial Controller of our Group;
- (b) Morland Fu’s past audit, financial and accounting related experiences;
- (c) Morland Fu’s demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the listing of our Company;
- (d) the absence of negative feedback on Morland Fu from the representatives of our Group’s Independent Auditors and Reporting Accountants, Deloitte & Touche LLP; and
- (e) the absence of internal control weaknesses attributable to Morland Fu identified during the internal control review conducted,

is of the view that Morland Fu is suitable for the position of Financial Controller of our Group.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that Morland Fu does not have the competence, character and integrity expected of a Financial Controller of a listed issuer.

In addition, Morland Fu confirms that he is familiar with the business operations, accounting systems and policies and the internal controls of our Group.

Morland Fu shall be subject to performance appraisal by our Audit Committee on an annual basis to ensure satisfactory performance.

EXCHANGE CONTROLS

There are no Singapore governmental laws, decrees, regulations or other legislation in force that may affect:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Articles and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles. A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2 or such other amount as our Directors may decide is payable to the share registrar for each share certificate issued and a stamp duty of S\$10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 2 May 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore GST at the prevailing rate of seven per cent. (7.0%) (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. None of our Directors, Executive Officers and Controlling Shareholder:

- (a) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;
- (b) has, at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgment against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) has, at any time during the last ten (10) years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles.
3. Save as disclosed below and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three (3) years preceding the Latest Practicable Date.

Date of issue	Number of shares issued	Issue price per share	Purpose of issue	Resultant issued share capital
Our Company				
5 September 2014	1	S\$1	Incorporation	S\$1
7 November 2014	2,699,999	S\$1	Working capital	S\$2,700,000
25 November 2014	20,000	S\$1	Working capital	S\$2,720,000
25 November 2014	480,000	S\$11.04	Working capital	S\$8,020,000
CCM				
30 July 1991	2	S\$1	Incorporation	S\$2
3 January 1992	49,998	S\$1	Working capital	S\$50,000
3 July 1995	150,000	S\$1	Working capital	S\$200,000
1 August 1996	300,000	S\$1	Working capital	S\$500,000
17 May 2001	1,500,000	S\$1	Working capital	S\$2,000,000
Neiken				
10 February 2003	2	S\$1	Incorporation	S\$2
1 August 2005	99,998	S\$1	Working capital	S\$100,000
10 December 2009	400,000	S\$1	Working capital	S\$500,000
16 March 2010	500,000	S\$1	Working capital	S\$1,000,000

4. Save as disclosed above and under the section entitled “Share Capital” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three (3) years preceding the date of lodgement of this Offer Document.

MATERIAL CONTRACTS

5. The following contracts, not being contracts entered into in the ordinary course of business, to which our Company or any member of our Group is a party, for the period of two (2) years preceding the date of lodgement of this Offer Document and are or may be material:
- (a) the option to purchase granted by CCM on 13 May 2013 and accepted by Singapore Food Delight Manufacturer Pte Ltd on 22 May 2013, for the sale of CCM's property located at 8A Admiralty Street, #06-20, Food Xchange @ Admiralty, Singapore 757437 for a consideration of S\$1,540,000;
 - (b) the option to purchase granted by CCM on 8 April 2013 and accepted by CHKL Holding Pte Ltd on 25 April 2013, for the sale of CCM's property located at 5 Dunlop Street, Singapore 209337 for a consideration of S\$2,500,000;
 - (c) the option to purchase granted by CCM on 8 April 2013 and accepted by CHKL Holding Pte Ltd on 25 April 2013, for the sale of CCM's property located at 7 Dunlop Street, Singapore 209337 for a consideration of S\$2,700,000;
 - (d) the sale and purchase agreement between Oxley Rising Pte. Ltd. and CCM dated 30 May 2011 for the purchase of the property by CCM located at 65 Ubi Road 1 #02-65 Oxley BizHub, Singapore 408729 for a consideration of S\$1,144,000;
 - (e) the sale and purchase agreement between KNG Land Pte. Ltd. and CCM dated 13 December 2011 for the purchase of the property by CCM located at 3 Soon Lee Street #01-09, Pioneer Junction, Singapore 627606 for a consideration of S\$1,049,886;
 - (f) the sale and purchase agreement between KNG Properties Pte. Ltd. and CCM dated 13 December 2011 for the purchase of the property by CCM located at 5 Soon Lee Street #01-66, Pioneer Point, Singapore 627607 for a consideration of S\$626,842;
 - (g) the sale and purchase agreement between KNG Properties Pte. Ltd. and CCM dated 13 December 2011 for the purchase of the property by CCM located at 5 Soon Lee Street #01-67, Pioneer Point, Singapore 627607 for a consideration of S\$479,846;
 - (h) the sale and purchase agreement between Ascendas (Admiralty) Pte Ltd and CCM dated 18 May 2012 for the purchase of the property by CCM located at 8B Admiralty Street #01-06, 8B@Admiralty, Singapore 757440 for a consideration of S\$1,446,000;
 - (i) the sale and purchase agreement between Ascendas (Admiralty) Pte Ltd and CCM dated 18 May 2012 for the purchase of the property by CCM located at 8B Admiralty Street #01-07, 8B@Admiralty, Singapore 757440 for a consideration of S\$1,454,000;
 - (j) the sale and purchase agreement between Chiu Teng 8 Pte. Ltd. and CCM dated 8 January 2013 for the purchase of the property by CCM located at 421 Tagore Industrial Avenue #01-22, Tagore 8, Singapore 787805 for a consideration of S\$2,052,986;
 - (k) the sale and purchase agreement between Chiu Teng 8 Pte. Ltd. and CCM dated 8 January 2013 for the purchase of the property by CCM located at 421 Tagore Industrial Avenue #01-23, Tagore 8, Singapore 787805 for a consideration of S\$2,052,986;
 - (l) the sale and purchase agreement between Chiu Teng 8 Pte. Ltd. and Neiken dated 8 January 2013 for the purchase of the property by Neiken located at 421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805 for a consideration of S\$2,642,463;
 - (m) the Service Agreements entered into between our Company and each of our Executive Chairman and CEO, Thomas Lim and our Executive Director, Rocky Lim. Please refer to the section entitled "Directors, Management and Staff – Service Agreements" of this Offer Document for further details;

- (n) the call option agreements entered into between our Company and each of Thomas Lim and CCM Australia. Please refer to the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details;
- (o) the non-competition deeds entered into between our Company and each of Thomas Lim, Rocky Lim, CCM International, Chastan, CCM Ventures and CCM Australia. Please refer to the section entitled “Interested Person Transactions – Potential Conflicts of Interests” of this Offer Document for further details;
- (p) the deed of undertaking entered into between our Company and each of Thomas Lim and CCM Ventures. Please refer to the section entitled “Interested Person Transactions – Potential Conflicts of Interests” of this Offer Document for further details; and
- (q) the deed of undertaking granted by Thomas Lim and Rocky Lim to our Company in relation to the personal guarantees provided by Thomas Lim and Rocky Lim. Please refer to the section entitled “Interested Person Transactions – Present and Ongoing Interested Person Transactions” of this Offer Document for further details.

LITIGATION

- 6. From time to time, our vehicles may be subject to motor accident negligence claims during the course of work. Generally, such claims are settled through our insurers or pursuant to a claim under common law.
- 7. It is in the nature of our business and industry that we would in the normal course of business encounter errant customers who fail to make payment for goods purchased from us. Our Group would from time to time take legal action against such errant customers to pursue payment.
- 8. As at the Latest Practicable Date, save as disclosed in this Offer Document, neither our Company nor any member of our Group is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the date of lodgement of this Offer Document a material effect on our Group’s financial position or profitability.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

- 9. Pursuant to the Management and Sponsorship Agreement, our Company appointed CIMB Bank to manage and sponsor the Invitation. CIMB Bank will receive a management fee from our Company for such services rendered.
- 10. Pursuant to the Underwriting and Placement Agreement, our Company appointed CIMB Securities as the Underwriter and Placement Agent and CIMB Securities agreed to underwrite the Offer Shares and agreed to purchase and/or procure purchasers for the Placement Shares for a commission of 3.0% of the Invitation Price for each Invitation Share, payable by the Vendors pursuant to the Invitation. CIMB Securities may, at its absolute discretion, appoint one (1) or more sub-underwriters and/or sub-placement agents, as the case may be appointed by CIMB Securities.
- 11. Purchasers of the Invitation Shares may be required to pay a brokerage fee of up to 1.0% of the Invitation Price (and the prevailing GST, if applicable) to the Underwriter and Placement Agent.
- 12. CIMB Bank may, in its absolute discretion but after prior consultation with our Company and the Vendors, by notice in writing to our Company and the Vendors if reasonably practicable, rescind or terminate the Management and Sponsorship Agreement at any time prior to or on the date of commencement of trading of our Shares on Catalist, on the occurrence of certain events, including, inter alia:
 - (a) the issue of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority (notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST);

- (b) there shall come to the knowledge of CIMB Bank any breach of the warranties or undertakings in the Management and Sponsorship Agreement or that any of the warranties or undertakings in the Management and Sponsorship Agreement is untrue or incorrect or misleading;
- (c) the occurrence of certain specified events (described in the Management and Sponsorship Agreement) which comes to the knowledge of CIMB Bank;
- (d) there shall have been:
 - (i) in the reasonable opinion of CIMB Bank, any material adverse change, or any development or event involving a prospective adverse change, in the condition (financial or otherwise), business, trading position, operations, management, assets, prospects, performance or general affairs of our Company or any Group Companies or of our Group as a whole; or
 - (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authorities) in Singapore or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or
 - (iii) any change, or any development involving a prospective change or any crisis in local, national, regional or international monetary, financial and capital markets (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST (including Catalist)); or
 - (iv) any event or series of events in the nature of force majeure (as defined in the Management and Sponsorship Agreement); or
 - (v) any proceedings, formal investigations or enquires are commenced against our Company, any of our Group Companies, or the Vendors, or any Director of our Company or any of our Group Companies; or
 - (vi) any other occurrence of any nature whatsoever, which in the reasonable opinion of CIMB Bank (1) results or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere; or (2) be likely to materially prejudice the success of the Invitation, or the purchase, or placement of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or not commercially viable to proceed with any of the transactions contemplated in the Management and Sponsorship Agreement; or (4) be such that no reasonable manager and sponsor would have entered into the Management and Sponsorship Agreement; or (5) result or be likely to result in the issue of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority pursuant to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005; and/or the Catalist Rules; or (6) make it not commercially viable or otherwise contrary to or outside the usual commercial practices of managers and sponsors in Singapore for CIMB Bank to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement; or

- (e) without limiting the generality of the foregoing, if it comes to the notice of CIMB Bank (1) any statement contained in this Offer Document or the Application Forms which in the opinion of CIMB Bank has become or been discovered to be untrue, incorrect or misleading in any material respect or (2) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the reasonable opinion of CIMB Bank, a material omission of material information, and the Company and/or the Vendors fail to lodge a supplementary or replacement offer document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as CIMB Bank may reasonably require to inform investors of the lodgement of such supplementary offer document or document; or
 - (f) the Underwriting and Placement Agreement is terminated pursuant to clause 11 (Termination) of the Underwriting and Placement Agreement.
13. The Underwriting and Placement Agreement is conditional upon, among other things, the Management and Sponsorship Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement.

MISCELLANEOUS

14. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two (2) years preceding the date of this Offer Document.
15. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
16. Save as disclosed in the sub-section entitled “Management, Underwriting and Placement Arrangements” under this section of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
17. No expert is employed on a contingent basis by our Group or has an interest, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.
18. Application monies received in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
19. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred between the end of FY2014 and the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.
20. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;

- (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
- (d) the business and financial prospects and any significant recent trends in production, sales and inventory, and in the costs and selling prices of products and known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues, profitability, liquidity, capital resources or operating income or that would cause financial information disclosed to be not necessary indicative of the future operating results or financial condition of our Company.

21. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company from its date of incorporation are as follows:

Name, professional qualification and address	Professional body	Partner-in-charge/ Professional qualification
Deloitte & Touche LLP 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809	Institute of Singapore Chartered Accountants	Jeremy Toh (a member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing our auditors after the listing of our Company on Catalist.

CONSENTS

22. Deloitte & Touche LLP, the Independent Auditors and Reporting Accountants, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Independent Auditors' Report as set out in Appendix A of this Offer Document in the form and context in which they are included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
23. Vantage Valuers & Property Consultants Pte Ltd, named as the Independent Valuer, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the valuer's report as set out in Appendix F of this Offer Document in the form and context in which they are included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
24. The Sponsor and Issue Manager, the Underwriter and Placement Agent, the Solicitors to the Invitation and Legal Adviser to our Company on Singapore Law, the Share Registrar and the Receiving Bank, have each given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
25. Each of the Solicitors to the Invitation and Legal Adviser to our Company on Singapore Law, the Share Registrar, the Principal Banker and the Receiving Bank do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of, the statements, information or opinions in this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDORS

26. This Offer Document has been seen and approved by our Directors and the Vendors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation, our Company and our subsidiaries, and our Directors and the Vendors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

27. The following documents or copies thereof may be inspected at our registered office at 10 Woodlands Loop, Singapore 738388 during normal business hours for a period of six (6) months from the date of registration of this Offer Document:
- (a) the Memorandum and Articles of Association of our Company;
 - (b) the Independent Auditors' Report as set out in Appendix A of this Offer Document;
 - (c) the audited financial statements of CCM and Neiken for FY2012, FY2013 and FY2014;
 - (d) the material contracts referred to in this section of this Offer Document;
 - (e) the valuer's report as set out in Appendix F of this Offer Document; and
 - (f) the letters of consent referred to in this section of this Offer Document.

APPENDIX A

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2012, 2013 AND 2014

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2012, 2013 AND 2014

15 July 2015

The Board of Directors
Choo Chiang Holdings Ltd.
10 Woodlands Loop
Singapore 738388

Dear Sirs

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Choo Chiang Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"). The combined financial statements comprise the combined statements of financial position as at 31 December 2012, 2013 and 2014, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the respective financial years ended 31 December 2012, 2013 and 2014 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information, as set out on pages A3 to A49.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with the Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the combined financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2012, 2013 and 2014 and the financial performance, changes in equity and cash flows of the Group for the Relevant Periods.

Restriction on Distribution and Use

This report is made solely to you as a body for inclusion in the offer document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

Yours faithfully

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore

Jeremy Toh
Partner

CHOO CHIANG HOLDINGS LTD.

COMBINED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2012, 2013 and 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
		\$	\$	\$
<u>ASSETS</u>				
Current assets				
Cash and bank balances	6	3,303,227	7,589,384	7,548,504
Trade receivables	7	6,962,486	10,479,531	9,802,878
Other receivables and prepayments	8	322,949	157,394	157,463
Inventories	9	16,268,862	15,358,198	10,753,681
Total current assets		<u>26,857,524</u>	<u>33,584,507</u>	<u>28,262,526</u>
Non-current assets				
Property, plant and equipment	10	6,619,294	6,168,005	5,826,265
Investment properties	11	15,254,094	13,244,866	11,416,470
Other receivables	8	—	—	211,629
Total non-current assets		<u>21,873,388</u>	<u>19,412,871</u>	<u>17,454,364</u>
Total assets		<u><u>48,730,912</u></u>	<u><u>52,997,378</u></u>	<u><u>45,716,890</u></u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	12	7,330,505	8,676,705	9,390,141
Other payables and accruals	13	2,338,585	4,864,731	3,478,521
Bank loans	14	810,833	2,348,304	1,543,522
Finance leases	15	96,807	—	—
Income tax payable		1,019,032	1,669,032	1,460,790
Total current liabilities		<u>11,595,762</u>	<u>17,558,772</u>	<u>15,872,974</u>
Non-current liabilities				
Bank loans	14	4,318,281	3,589,659	3,341,487
Finance leases	15	208,301	—	—
Deferred tax liability	16	24,044	5,579	21,537
Total non-current liabilities		<u>4,550,626</u>	<u>3,595,238</u>	<u>3,363,024</u>
Total liabilities		<u><u>16,146,388</u></u>	<u><u>21,154,010</u></u>	<u><u>19,235,998</u></u>
Capital, reserves and non-controlling interests				
Share capital	17	8,020,000	2,500,000	2,500,000
Retained earnings		23,523,819	28,453,805	23,224,190
Equity attributable to the owners of the Company		<u>31,543,819</u>	<u>30,953,805</u>	<u>25,724,190</u>
Non-controlling interests		1,040,705	889,563	756,702
Total equity		<u><u>32,584,524</u></u>	<u><u>31,843,368</u></u>	<u><u>26,480,892</u></u>
Total liabilities and equity		<u><u>48,730,912</u></u>	<u><u>52,997,378</u></u>	<u><u>45,716,890</u></u>

See accompanying notes to financial statements.

CHOO CHIANG HOLDINGS LTD.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial years ended 31 December 2012, 2013 and 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
		\$	\$	\$
Revenue	18	70,441,797	74,957,912	70,947,083
Cost of sales		<u>(53,099,817)</u>	<u>(52,533,015)</u>	<u>(50,698,802)</u>
Gross profit		17,341,980	22,424,897	20,248,281
Other operating income	19	406,498	4,146,898	483,032
Distribution costs		(32,488)	(76,050)	(35,351)
Administrative expenses		(9,374,318)	(10,280,189)	(10,037,792)
Other operating expenses		(993,877)	(1,503,912)	(1,787,947)
Finance costs	20	<u>(135,813)</u>	<u>(133,726)</u>	<u>(66,607)</u>
Profit before tax		7,211,982	14,577,918	8,803,616
Income tax expense	21	<u>(1,190,826)</u>	<u>(1,765,442)</u>	<u>(1,493,604)</u>
Profit for the year, representing total comprehensive income for the year	22	<u><u>6,021,156</u></u>	<u><u>12,812,476</u></u>	<u><u>7,310,012</u></u>
Total comprehensive income attributable to:				
Owners of the Company		5,870,014	12,679,615	7,246,657
Non-controlling interests		<u>151,142</u>	<u>132,861</u>	<u>63,355</u>
		<u><u>6,021,156</u></u>	<u><u>12,812,476</u></u>	<u><u>7,310,012</u></u>
Earnings per share (in cents):				
Basic and diluted	24	<u><u>2.82</u></u>	<u><u>6.10</u></u>	<u><u>3.48</u></u>

See accompanying notes to financial statements.

CHOO CHIANG HOLDINGS LTD.

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 31 December 2012, 2013 and 2014

	Share capital	Retained earnings	Attributable to the owners of the Company	Non- controlling interests	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2012	2,500,000	20,777,533	23,277,533	693,347	23,970,880
Profit for the year, representing total comprehensive income for the year	—	7,246,657	7,246,657	63,355	7,310,012
Transactions with owners, recognised directly in equity					
Dividends declared (Note 26)	—	(4,800,000)	(4,800,000)	—	(4,800,000)
Balance at 31 December 2012	2,500,000	23,224,190	25,724,190	756,702	26,480,892
Profit for the year, representing total comprehensive income for the year	—	12,679,615	12,679,615	132,861	12,812,476
Transactions with owners, recognised directly in equity					
Dividends declared (Note 26)	—	(7,450,000)	(7,450,000)	—	(7,450,000)
Balance at 31 December 2013	2,500,000	28,453,805	30,953,805	889,563	31,843,368
Balance at 31 December 2013	2,500,000	28,453,805	30,953,805	889,563	31,843,368
Profit for the year, representing total comprehensive income for the year	—	5,870,014	5,870,014	151,142	6,021,156
Transactions with owners, recognised directly in equity					
Issue of share capital (Note 17)	5,520,000	—	5,520,000	—	5,520,000
Dividends declared (Note 26)	—	(10,800,000)	(10,800,000)	—	(10,800,000)
Balance at 31 December 2014	8,020,000	23,523,819	31,543,819	1,040,705	32,584,524

See accompanying notes to financial statements.

CHOO CHIANG HOLDINGS LTD.

COMBINED STATEMENTS OF CASH FLOWS

For the financial years ended 31 December 2012, 2013 and 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Operating activities			
Profit before income tax	7,211,982	14,577,918	8,803,616
Adjustments for:			
Interest expenses	135,813	133,726	66,607
Interest income	(28)	(48)	(5,045)
Depreciation of property, plant and equipment	306,416	360,966	285,237
Depreciation of investment properties	243,988	223,077	154,504
Gain on disposal of property, plant and equipment	(130,396)	(37,846)	(42,056)
Gain on disposal of investment properties	–	(3,911,260)	(306,889)
Allowance for doubtful trade receivables	325,043	776,766	864,496
Allowance for doubtful other receivables	–	–	300,000
Bad debts written off	32,343	–	67,009
Reversal of allowance for doubtful trade receivables	(21,951)	–	–
(Reversal of) Allowance for inventories	(339,566)	2,600,019	221,438
Property, plant and equipment written off	1,459	1,112	–
Operating cash flows before movements in working capital	7,765,103	14,724,430	10,408,917
Trade receivables	3,181,610	(1,453,419)	986,936
Other receivables and prepayments	(165,555)	211,698	169,832
Inventories	(571,098)	(7,204,536)	(4,158,577)
Trade payables	(1,346,200)	(713,436)	(588,941)
Other payables and accruals	(1,106,576)	59,962	723,819
Cash generated from operations	7,757,284	5,624,699	7,541,986
Income tax paid	(1,822,361)	(1,573,158)	(1,644,998)
Tax refund	–	–	19,706
Interest received	28	48	5,045
Net cash from operating activities	5,934,951	4,051,589	5,921,739
Investing activities			
Proceeds from disposal of property, plant and equipment	136,479	47,584	42,056
Purchase of property, plant and equipment (Note A)	(430,247)	(713,556)	(1,120,037)
Payments for investment properties (Note B)	(2,763,551)	(5,402,378)	(3,742,142)
Proceeds from disposal of investment properties	–	7,523,508	1,608,844
Net cash (used in) from investing activities	(3,057,319)	1,455,158	(3,211,279)

CHOO CHIANG HOLDINGS LTD.

COMBINED STATEMENTS OF CASH FLOWS

For the financial years ended 31 December 2012, 2013 and 2014 (cont'd)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Financing activities			
Loan from a related party	—	500,000	—
Loan from a director	—	500,000	—
Repayment to a director	(984,298)	—	—
Proceeds from bank loans	2,487,064	4,730,209	3,966,996
Repayment of bank loans	(3,295,913)	(3,677,255)	(996,606)
Repayment of finance leases	(29,892)	—	—
Proceeds on issue of shares	5,520,000	—	—
Dividends paid	(10,800,000)	(7,450,000)	(4,800,000)
Interest paid	(60,750)	(68,821)	(34,607)
Net cash used in financing activities	<u>(7,163,789)</u>	<u>(5,465,867)</u>	<u>(1,864,217)</u>
Net (decrease) increase in cash and cash equivalents	(4,286,157)	40,880	846,243
Cash and cash equivalents at beginning of year	<u>7,589,384</u>	<u>7,548,504</u>	<u>6,702,261</u>
Cash and cash equivalents at end of year (Note 6)	<u><u>3,303,227</u></u>	<u><u>7,589,384</u></u>	<u><u>7,548,504</u></u>

Note A

The Group acquired motor vehicle with an aggregate cost of \$500,430 (2013 : \$Nil, 2012 : \$Nil) for which \$335,000 (2013 : \$Nil, 2012 : \$Nil) were acquired under finance leases.

Note B

During the year, the Group acquired investment properties with aggregate cost of \$2,253,216 (2013 : \$5,663,721, 2012 : \$3,991,134) of which \$Nil (2013 : \$261,343, 2012 : \$248,992) remain unpaid at year end.

The unpaid balances from prior years' acquisition have been paid during the year.

See accompanying notes to financial statements.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

1 GENERAL

The Company (Registration Number 201426379D) is incorporated in the Republic of Singapore on 5 September 2014 as a private limited company. The principal place of business and the registered office is at 10 Woodlands Loop, Singapore 738388. The financial statements are presented in Singapore dollars which is the Company's functional currency.

The combined financial statements have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

The principal activities of the subsidiaries are disclosed below.

Pursuant to the Restructuring Exercise to rationalise the corporate and shareholding structures in preparation for the proposed listing of the Company on the Catalist, the Company became the holding company of the Group.

a) Incorporation of the Company

The Company was incorporated on 5 September 2014 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid up share capital of \$1 comprising 1 share, which was held by Lim Trust Pte. Ltd.. On 7 November 2014 and 25 November 2014, the Company issued a further 2,699,999 and 500,000 shares for a consideration of \$2,699,999 and 5,320,000 respectively.

b) Acquisition of Choo Chiang Marketing Pte. Ltd.

On 24 November 2014, the directors Lim Teck Chuan and Lim Teck Seng transferred the entire issued and paid-up capital of 2,000,000 ordinary shares of Choo Chiang Marketing Pte. Ltd. to the Company at an aggregate consideration of \$2,000,000. Upon the completion of the aforesaid acquisition, Choo Chiang Marketing Pte. Ltd. became a wholly-owned subsidiary of the Company.

c) Acquisition of Neiken Switchgear (S) Pte. Ltd.

On 24 November 2014, the directors Lim Teck Chuan and Lim Teck Seng transferred their 50% equity interest in Neiken Switchgear (S) Pte. Ltd. to the Company at an aggregate consideration of \$500,000. Upon completion of the aforesaid acquisition, the issued and paid-up share capital of Neiken Switchgear (S) Pte. Ltd. was equally held between the Company and United MS Electrical Mfg. (M) Sdn. Bhd., incorporated and domiciled in Malaysia.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

1 GENERAL (cont'd)

Basis of preparation of the combined financial statements

For the purpose of preparing this set of combined financial statements, the combined statements of financial position, combined statements of profit or loss and other comprehensive income, combined statement of changes in equity and combined statements of cash flows for the financial years ended 31 December 2012, 2013 and 2014 (the "Relevant Periods") have been prepared on a combined basis and include the financial information of the companies now comprising the Group as if the current Group structure had been in existence throughout the Relevant Periods or from the date the entities are under common control.

Name	Country of incorporation and operations	Effective equity interest/voting power			Principal activities
		2014 %	2013 %	2012 %	
<u>Subsidiaries of the Company</u>					
Choo Chiang Marketing Pte. Ltd.	Singapore	100	100	100	Assemblers of lighting fittings and fixtures; and general contractors.
Neiken Switchgear (S) Pte. Ltd.	Singapore	50	50	50	Dealer of electrical wiring and products and electrical works; and assembly of electrical fittings and parts.

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Profit allocated to non-controlling interests			Accumulated non-controlling interests		
		2014	2013	2012	2014	2013	2012	2014	2013	2012
					\$	\$	\$	\$	\$	\$
Neiken Switchgear (S) Pte. Ltd.	Singapore	50%	50%	50%	<u>151,142</u>	<u>132,861</u>	<u>63,355</u>	<u>1,040,705</u>	<u>889,563</u>	<u>756,702</u>

The Group own 50% equity interest of Neiken Switchgear (S) Pte. Ltd.. Despite having equal equity interest over Neiken Switchgear (S) Pte. Ltd., the Group has the practical ability to use its power on the daily operations and business strategic decisions which ultimately affect the returns of Neiken Switchgear (S) Pte. Ltd.. Accordingly, the directors of the Group concluded that the Group has control over Neiken Switchgear (S) Pte. Ltd. and as such, the financial statements of Neiken Switchgear (S) Pte. Ltd. is combined in these financial statements.

CHOO CHIANG HOLDINGS LTD.**NOTES TO COMBINED FINANCIAL STATEMENTS****As at 31 December 2012, 2013 and 2014****1 GENERAL (cont'd)**

Summarised financial information in respect of the subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of subsidiary	Neiken Switchgear (S) Pte. Ltd.		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Current assets	2,412,888	2,353,156	1,634,291
Non-current assets	4,210,656	3,559,380	2,982,061
Current liabilities	3,031,230	2,838,285	1,901,951
Non-current liabilities	1,476,412	1,260,694	1,176,996
Equity attributable to the owners of the Company	2,115,902	1,813,557	1,537,405
Non-controlling interests	1,057,951	906,779	768,703
Total income	4,863,410	4,330,846	3,119,054
Total expenses	4,561,065	4,054,694	2,984,916
Profit for the year, representing total comprehensive income	302,345	276,152	134,138
Profit for the year, representing total comprehensive income attributable to owners of the Company	151,172	138,076	67,069
Profit for the year, representing total comprehensive income attributable to the non-controlling interests	151,173	138,076	67,069
Net cash from (used in) operating activities	674,139	(338,233)	480,652
Net cash used in investing activities	(693,729)	(669,223)	(1,581,710)
Net cash from financing activities	182,593	1,110,862	1,275,286
Net cash inflow	163,003	103,406	174,228

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - The Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to the Group since the beginning of the Relevant Periods.

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements, FRS 112 Disclosure of Interests in Other Entities, FRS 27 (as revised in 2011) Separate Financial Statements and FRS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

From 1 January 2014, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance. The application of these Standards, which are relevant to the Group, has no material effect on the Group's financial statements for the current or prior financial years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- FRS 115 *Revenue from Contracts with Customers*

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

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption except for the following:

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after 1 July 2014, unless otherwise stated.

Standard	Topic	Key amendment
<i>FRS 108 Operating Segments</i>	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 24 Related Party Disclosures	Key Management Personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 Revenue from Contracts with Customers (cont'd)

- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115. Management is evaluating the impact of this standard on the Group’s financial statements when it becomes effective.

BASIS OF COMBINATION - The Group resulting from the Restructuring Exercise as disclosed above, is one involving entities under common control. Accordingly, the combined financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable FRSs). The fair value of any investment 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 FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a 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 of allocating 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. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and 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.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Trade receivables, loans and other receivables (excluding prepayments) that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Trade and other receivables measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the 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 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 ownerships of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the 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.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the 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 as an expense over the lease term on the same basis as the lease income.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss 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 economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Office equipment	3 to 5 years
Furniture and fittings	3 to 5 years
Machinery and equipment	5 years
Renovation	3 years
Motor vehicles and forklifts	3 to 5 years
Leasehold properties	51 to 81 years
Freehold Property	50 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

Fully depreciated assets are retained in the book of accounts until they are no longer in use.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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
Leasehold properties	-	27 - 57 years
Renovation	-	3 years

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

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises 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.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) 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 reporting period, 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.

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.

GOVERNMENT GRANT – Government grants relating to expenditures which are not capitalised are credited to the income or expenditure as and when the underlying expenses are included and taken to the profit or loss to match such related expenditure.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

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. 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.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. 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.

EMPLOYEE LEAVE ENTITLEMENT - 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 reporting period.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 in the statement of comprehensive income 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 reporting period.

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 is 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 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount 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 outside profit or loss (either in other comprehensive income or directly in equity, in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity within the Group operates (its functional currency). The combined financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the combined financial statements.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Allowance for trade and other receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The estimation of allowance for doubtful debts requires the use of estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amount of trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

CHOO CHIANG HOLDINGS LTD.**NOTES TO COMBINED FINANCIAL STATEMENTS****As at 31 December 2012, 2013 and 2014****3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)**Allowance for inventories

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. If so, these inventories are written down to their net realisable value. To determine whether there is such objective evidence, management identifies inventories that are slow moving and considers their physical conditions, market conditions and market prices for similar inventories.

The carrying amount of inventories is disclosed in Note 9 to the financial statements.

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 81 years. Changes in the expected level of usage and technological development could impact the economic useful life and the residual value of these assets, therefore future depreciation charges could be revised.

The carrying amount of property, plant and equipment and investment properties are disclosed in Notes 10 and 11 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**(a) Categories of financial instruments**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Financial assets			
Loans and receivables:			
Cash and bank balances	3,303,227	7,589,384	7,548,504
Trade receivables	6,962,486	10,479,531	9,802,878
Other receivables	108,812	140,340	362,673
	<u>10,374,525</u>	<u>18,209,255</u>	<u>17,714,055</u>
Financial liabilities			
Amortised cost:			
Trade payables	7,330,505	8,676,705	9,390,141
Other payables and accruals	2,338,585	4,864,731	3,478,521
Bank loans	5,129,114	5,937,963	4,885,009
Finance leases	305,108	—	—
	<u>15,103,312</u>	<u>19,479,399</u>	<u>17,753,671</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(b) *Financial risk management policies and objectives*

The Group's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing facilities 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.

(ii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in financial loss to the Group. Cash is held with creditworthy financial institutions. The Group has adopted stringent credit policies in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties, of which 69% (2013 : 45%, 2012 : 39%) of the gross trade receivables are neither past due nor impaired and relate to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The credit policies spell out clearly the guidelines on extending credit terms to customers. This includes assessment and valuation of customers' creditworthiness. The Group performs ongoing credit evaluations of its external customers' financial conditions and generally, requires no collateral from its customers.

The Group has not experienced any significant history of repayment problems in its dealings with its related companies (Note 5). There is regular review of the related companies' ability to fulfill their contractual obligations.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of financial assets is the carrying amount of those assets as stated in the statements of financial position, grossed up for any allowances for losses.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

(iii) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, internally generated cash flows and adequate financing facilities from bank borrowing to finance its activities. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial assets

The Company's non-derivative financial assets of \$10,374,525 (2013 : \$18,209,255, 2012 : \$17,714,055) are repayable on demand or due within one year from the end of the reporting period, except for the long-term other receivables in 2012 of \$211,629, where management did not expect repayment within 12 months.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the combined statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
2014						
Non-interest bearing	—	8,690,187	—	—	—	8,690,187
Fixed interest rate instruments	4.0	1,018,059	—	—	(39,156)	978,903
Variable interest rate instruments	1.9	900,922	2,784,426	1,829,854	(386,088)	5,129,114
Finance leases liability (fixed rate)	5.96	111,708	221,278	—	(27,878)	305,108
		10,720,876	3,005,704	1,829,854	(453,122)	15,103,312
2013						
Non-interest bearing	—	11,644,531	—	—	—	11,644,531
Fixed interest rate instruments	4.0	1,972,781	—	—	(75,876)	1,896,905
Variable interest rate instruments	2.7	2,522,106	2,332,757	2,744,822	(1,661,722)	5,937,963
		16,139,418	2,332,757	2,744,822	(1,737,598)	19,479,399

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NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
2012						
Non-interest bearing	—	12,036,662	—	—	—	12,036,662
Fixed interest rate instruments	4.0	865,280	—	—	(33,280)	832,000
Variable interest rate instruments	2.2	1,633,206	1,967,273	1,836,845	(552,315)	4,885,009
		14,535,148	1,967,273	1,836,845	(585,595)	17,753,671

(iv) Fair value of financial assets and financial liabilities

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. Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined financial statements approximate their fair values.

Fair value hierarchy as at 31 December, 2014			
Level 1	Level 2	Level 3	Total
\$	\$	\$	\$
Financial Liability			
Bank loans	—	5,129,114	—
Finance Leases	—	305,108	—
			5,129,114
			305,108

Fair value hierarchy as at 31 December, 2013			
Level 1	Level 2	Level 3	Total
\$	\$	\$	\$
Financial Liability			
Bank loans	—	5,937,963	—
			5,937,963

Fair value hierarchy as at 31 December, 2012			
Level 1	Level 2	Level 3	Total
\$	\$	\$	\$
Financial Liability			
Bank loans	—	4,885,009	—
			4,885,009

The fair values of the financial liability included in the level 2 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT
(cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Foreign exchange risk management

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 currency other than the Group's functional currency are as follows:

	<u>Assets</u>			<u>Liabilities</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$	\$	\$
United States dollar	<u>123,448</u>	<u>758,900</u>	<u>805,959</u>	<u>218,076</u>	<u>172,291</u>	<u>33,540</u>

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents 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% change in foreign currency rates. The sensitivity analysis includes external borrowings as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss. There is no direct impact on the Group's equity.

If the Singapore dollar were to strengthen or weaken by 10% against the relevant foreign currencies, profit for the year will increase or decrease respectively by:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
United States dollar impact	<u>9,463</u>	<u>(58,661)</u>	<u>(77,242)</u>

(c) Capital risk 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 the optimisation of the debt and equity balance.

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

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Capital risk management policies and objectives (cont'd)*

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 during the Relevant Periods. There is no externally imposed capital requirements.

5 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Lim Trust Pte. Ltd., a company incorporated in Singapore, which is also the Company's ultimate holding company.

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

During the Relevant Periods, the Group entered into the following transactions with the ultimate holding company and related parties:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Sales to related party ⁽ⁱ⁾	—	—	(100)
Sales to related party ⁽ⁱⁱ⁾	—	(13,642)	—
Sales to related party ⁽ⁱⁱⁱ⁾	(73,640)	(339,098)	(152,380)
Sales of motor vehicles to related party ^(iv)	60,000	—	—
Purchases from related parties ^(v)	429,175	547,974	671,617
Purchases from related party ⁽ⁱⁱ⁾	—	—	997,685
Purchases from related party ^(vi)	—	6,797,781	7,075,917
Interest expenses to related party (Note 20) ⁽ⁱ⁾	38,664	33,006	16,000
Interest expenses to director (Note 20)	<u>36,399</u>	<u>31,899</u>	<u>16,000</u>

⁽ⁱ⁾ Related party refers to the corporate shareholder of Neiken Switchgear (S) Pte. Ltd..

⁽ⁱⁱ⁾ Related party refers to company with common shareholder with the Group.

⁽ⁱⁱⁱ⁾ Related party refers to a company where an individual has a major shareholding in, and is a family member of a Director of the Group.

^(iv) Related party refers to an individual who is a family member of a Director of the Group.

^(v) Related parties refer to the corporate shareholder and its affiliated company of Neiken Switchgear (S) Pte. Ltd..

^(vi) Related party refers to a company owned by a family member of a Director of the Group.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

5 ULTIMATE HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

Compensation of director and key management personnel

The remuneration of director and other members of key management during the Relevant Periods was as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Short-term benefits	1,734,851	2,698,276	2,553,136
Post-employment benefits	88,621	89,065	75,292
Total	<u>1,823,472</u>	<u>2,787,341</u>	<u>2,628,428</u>

6 CASH AND BANK BALANCES

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Cash on hand	29,973	29,973	29,973
Cash at banks	<u>3,273,254</u>	<u>7,559,411</u>	<u>7,518,531</u>
Cash and bank balances	<u>3,303,227</u>	<u>7,589,384</u>	<u>7,548,504</u>

7 TRADE RECEIVABLES

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Outside parties	8,429,950	11,610,189	10,293,890
Related party (Note 5)	423,676	500,696	373,484
Less: Allowance for doubtful debts			
- Outside parties	(1,520,678)	(1,154,208)	(491,012)
- Related party (Note 5)	<u>(423,676)</u>	<u>(487,054)</u>	<u>(373,484)</u>
	6,909,272	10,469,623	9,802,878
Accrued income	53,214	9,908	—
Total	<u>6,962,486</u>	<u>10,479,531</u>	<u>9,802,878</u>

The average credit period for trade receivables is approximately 30 to 90 days (2013 : 30 to 90 days, 2012 : 30 to 90 days). No interest is charged on the outstanding trade receivables.

Allowance for doubtful trade receivables is provided based on the assessment of outstanding debts more than 90 days after the credit term and by reference to past default experience.

Before accepting any new customer, the Group obtained customers' general profile from an external credit monitoring service provider to assess the potential customer's credit worthiness and defines credit limits to customer. Credit limits attributed to customers are reviewed periodically.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$2,163,533 (2013 : \$5,789,708, 2012: \$6,011,670) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

7 TRADE RECEIVABLES (cont'd)

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The table below is an analysis of trade receivables as at the end of the relevant period:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Not past due and not impaired	4,798,953	4,689,823	3,791,208
Past due but not impaired ⁽ⁱ⁾	2,163,533	5,789,708	6,011,670
	<u>6,962,486</u>	<u>10,479,531</u>	<u>9,802,878</u>
Impaired receivables – individually assessed ⁽ⁱⁱ⁾	1,944,354	1,641,262	864,496
Less: Allowance for doubtful debts	(1,944,354)	(1,641,262)	(864,496)
	<u>–</u>	<u>–</u>	<u>–</u>
Total trade receivables, net	<u>6,962,486</u>	<u>10,479,531</u>	<u>9,802,878</u>

⁽ⁱ⁾ Aging of trade receivables that are past due but not impaired is as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
<1 month	1,283,965	2,693,792	2,558,760
1 month to 3 months	541,275	2,331,714	2,644,801
>3 months	338,293	764,202	808,109
	<u>2,163,533</u>	<u>5,789,708</u>	<u>6,011,670</u>

⁽ⁱⁱ⁾ These amount are stated before any deduction for impairment losses.

Movement in the allowance for doubtful debts:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Balance at beginning of the year	1,641,262	864,496	–
Allowance recognised during the year	325,043	776,766	864,496
Reversal of allowance	(21,951)	–	–
Balance at end of the year	<u>1,944,354</u>	<u>1,641,262</u>	<u>864,496</u>

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

8 OTHER RECEIVABLES AND PREPAYMENTS

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
<u>Current assets</u>			
Outside parties	–	38,129	19,843
Staff loans	–	–	28,790
Deposits	108,812	102,211	102,411
Prepayments	214,137	17,054	6,419
	<u>322,949</u>	<u>157,394</u>	<u>157,463</u>
<u>Non-current assets</u>			
Related party (Note 5)	–	–	300,000
Staff loans	–	–	251,629
	–	–	551,629
Allowance for doubtful debts	–	–	(340,000)
	<u>–</u>	<u>–</u>	<u>211,629</u>
Movement in the allowance for doubtful debts:			
Balance at beginning of the year	–	340,000	40,000
Allowance recognised during the year	–	–	300,000
Written off	–	(340,000)	–
Balance at end of the year	<u>–</u>	<u>–</u>	<u>340,000</u>

Staff loans in 2012 amounting to \$251,629 were unsecured, non-interest bearing and repayable on demand. As management did not expect repayment within 12 months from the end of the reporting period, the balances are classified as non-current.

9 INVENTORIES

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
At cost:			
Finished goods	18,484,378	17,318,468	10,646,769
Goods in transit	266,375	861,187	328,350
	<u>18,750,753</u>	<u>18,179,655</u>	<u>10,975,119</u>
Less: Allowance for inventories	(2,481,891)	(2,821,457)	(221,438)
	<u>16,268,862</u>	<u>15,358,198</u>	<u>10,753,681</u>
Movement in the allowance for inventories:			
Balance at beginning of the year	2,821,457	221,438	–
Allowance recognised during the year	–	2,600,019	221,438
Reversal of allowance during the year	(339,566)	–	–
Balance at end of the year	<u>2,481,891</u>	<u>2,821,457</u>	<u>221,438</u>

Due to the increase in the demand for certain goods and a result of changes in consumer preferences, the Group reversed \$339,566 (2013 : \$Nil, 2012 : \$Nil), being part of an inventory write-down made in 2013, to the current year profit or loss. The reversal is included in “Cost of Sales”.

NOTES TO COMBINED FINANCIAL STATEMENTS
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10 PROPERTY, PLANT AND EQUIPMENT

	Freehold property \$	Leasehold properties \$	Motor vehicles and forklifts \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Machinery and equipment \$	Property under construction \$	Total \$
Cost:									
At 1 January 2012	–	4,505,327	1,111,083	53,822	399,008	1,352,260	44,300	899,030	8,364,830
Additions	–	–	17,500	3,410	34,019	54,580	85,100	925,428	1,120,037
Transfer from properties under construction	1,325,912	–	–	–	–	–	–	(1,325,912)	–
Disposals	–	–	(47,400)	–	–	–	–	–	(47,400)
At 31 December 2012	1,325,912	4,505,327	1,081,183	57,232	433,027	1,406,840	129,400	498,546	9,437,467
Additions	–	–	–	8,424	34,682	93,013	–	577,437	713,556
Transfer from properties under construction	–	1,075,983	–	–	–	–	–	(1,075,983)	–
Disposals	–	–	(141,758)	–	–	–	–	–	(141,758)
Write-offs	–	–	–	(39,455)	(379,934)	(1,299,360)	(44,300)	–	(1,763,049)
At 31 December 2013	1,325,912	5,581,310	939,425	26,201	87,775	200,493	85,100	–	8,246,216
Additions	–	–	500,430	178,050	39,745	47,022	–	–	765,247
Disposals	–	–	(257,113)	–	–	–	–	–	(257,113)
Write-offs	–	–	(38,690)	–	(2,414)	–	–	–	(41,104)
At 31 December 2014	1,325,912	5,581,310	1,144,052	204,251	125,106	247,515	85,100	–	8,713,246

NOTES TO COMBINED FINANCIAL STATEMENTS
As at 31 December 2012, 2013 and 2014
10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold property \$	Leasehold properties \$	Motor vehicles and forklifts \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Machinery and equipment \$	Property under construction \$	Total \$
Accumulated depreciation:									
At 1 January 2012	–	738,752	850,186	33,094	385,065	1,330,828	35,440	–	3,373,365
Depreciation for the year	19,889	81,722	127,465	9,122	12,620	21,254	13,165	–	285,237
Disposals	–	–	(47,400)	–	–	–	–	–	(47,400)
At 31 December 2012	19,889	820,474	930,251	42,216	397,685	1,352,082	48,605	–	3,611,202
Depreciation for the year	26,518	120,150	113,671	10,307	20,114	53,186	17,020	–	360,966
Disposals	–	–	(132,020)	–	–	–	–	–	(132,020)
Write-offs	–	–	–	(39,455)	(378,822)	(1,299,360)	(44,300)	–	(1,761,937)
At 31 December 2013	46,407	940,624	911,902	13,068	38,977	105,908	21,325	–	2,078,211
Depreciation for the year	26,518	117,588	56,437	15,831	19,287	53,735	17,020	–	306,416
Disposals	–	–	(251,030)	–	–	–	–	–	(251,030)
Write-offs	–	–	(38,690)	–	(955)	–	–	–	(39,645)
At 31 December 2014	72,925	1,058,212	678,619	28,899	57,309	159,643	38,345	–	2,093,952
Carrying amount:									
At 31 December 2012	1,306,023	3,684,853	150,932	15,016	35,342	54,758	80,795	498,546	5,826,265
At 31 December 2013	1,279,505	4,640,686	27,523	13,133	48,798	94,585	63,775	–	6,168,005
At 31 December 2014	1,252,987	4,523,098	465,433	175,352	67,797	87,872	46,755	–	6,619,294

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detail of the Group's property is as follow:

<u>Address of property</u>	<u>Tenure of property</u>	<u>Term of Lease</u>	<u>Remaining term of lease</u>	<u>Existing use</u>	<u>Carrying amount</u>		
					<u>2014</u>	<u>2013</u>	<u>2012</u>
					\$	\$	\$
9 Tagore Lane #01-16 9@ Tagore Singapore 787472	Freehold	—	—	Retail	1,252,987	1,279,505	1,306,023
Blk 640 Rowell Road #01-70 Singapore 200640	Leasehold	81 years	69 years	Retail	761,261	772,510	783,761
10 Woodlands Loop Singapore 738388	Leasehold	66 years	51 years	Warehouse and retail	2,760,147	2,830,621	2,901,092
Blk 3 Soon Lee Street #01-09 Pioneer Junction Singapore 627606 ⁽ⁱ⁾	Leasehold	30 years	27 years	Retail	1,001,690	1,037,555	498,546

⁽ⁱ⁾ The property was under construction as at 31 December 2012 and subsequently transferred in 2013 to leasehold property when the construction was fully completed.

The carrying amount of motor vehicles of the Group under finance leases amounted to \$461,693 (2013 : \$Nil, 2012 : \$Nil).

The Group's property on freehold land, leasehold land and building and property under construction are mortgaged to the bank to secure bank loans (Note 14).

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

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11 INVESTMENT PROPERTIES

	Freehold properties	Leasehold properties	Renovation	Property under construction	Total
	\$	\$	\$	\$	\$
Cost:					
At 1 January 2012	—	4,549,916	126,899	4,659,841	9,336,656
Additions	—	—	—	3,991,134	3,991,134
Disposals	(1,301,955)	—	—	—	(1,301,955)
Transfer from property under construction	5,866,579	—	—	(5,866,579)	—
At 31 December 2012	4,564,624	4,549,916	126,899	2,784,396	12,025,835
Additions	—	—	—	5,663,721	5,663,721
Disposals	—	(3,932,907)	(126,899)	—	(4,059,806)
Transfer from property under construction	1,085,727	4,762,111	—	(5,847,838)	—
At 31 December 2013	5,650,351	5,379,120	—	2,600,279	13,629,750
Additions	—	—	—	2,253,216	2,253,216
Transfer from property under construction	—	1,129,092	—	(1,129,092)	—
At 31 December 2014	5,650,351	6,508,212	—	3,724,403	15,882,966
Accumulated depreciation:					
At 1 January 2012	—	327,962	126,899	—	454,861
Depreciation for the year	83,934	70,570	—	—	154,504
At 31 December 2012	83,934	398,532	126,899	—	609,365
Depreciation for the year	113,007	110,070	—	—	223,077
Disposals for the year	—	(320,659)	(126,899)	—	(447,558)
At 31 December 2013	196,941	187,943	—	—	384,884
Depreciation for the year	113,007	130,981	—	—	243,988
At 31 December 2014	309,948	318,924	—	—	628,872
Carrying amount:					
At 31 December 2012	4,480,690	4,151,384	—	2,784,396	11,416,470
At 31 December 2013	5,453,410	5,191,177	—	2,600,279	13,244,866
At 31 December 2014	5,340,403	6,189,288	—	3,724,403	15,254,094

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

11 INVESTMENT PROPERTIES (cont'd)

Detail of the Group's investment properties are as follows:

	<u>2014</u>	<u>Fair value</u> <u>2013</u>	<u>2012</u>
	\$	\$	\$
<u>Neiken Switchgear (S) Pte. Ltd.</u>			
9 Tagore Lane #02-06 9@Tagore Singapore 787472	1,580,000	1,444,000	1,571,000
421 Tagore Industrial Avenue #01-29 Tagore 8 Singapore 787805	<u>1,485,000</u>	<u>810,000</u>	<u>135,000</u>
<u>Choo Chiang Marketing Pte. Ltd.</u>			
5 Dunlop Street, Singapore 209335	—	—	2,037,834
7 Dunlop Street, Singapore 209337	—	—	3,122,780
48 Toh Guan Road East #01-102 Singapore 608586	1,200,000	1,200,000	1,489,620
8A Admiralty Street #06-20 Singapore 757440	—	—	1,910,754
8B Admiralty Street #01-06 Singapore 757440	1,570,000	1,570,000	346,000
8B Admiralty Street #01-07 Singapore 757440	1,560,000	1,560,000	344,000
65 Ubi Road 1 #02-65 Oxley Bizhub Singapore 408729	1,220,000	1,220,000	506,000
9 Tagore Lane #02-07 9@Tagore Singapore 787472	1,820,000	1,820,000	1,696,494
9 Tagore Lane #03-16 9@Tagore Singapore 787472	1,660,000	1,660,000	1,812,018
23 New Industrial Road #02-08 Solstice Business Centre Singapore 536209	1,400,000	1,400,000	649,000
5 Soon Lee Street Pioneer Point #01-66 Singapore 627607	638,000	326,000	201,000
5 Soon Lee Street Pioneer Point #01-67 Singapore 627607	560,000	285,000	175,000
421 Tagore Industrial Avenue #01-22 Tagore 8 Singapore 787805	1,145,000	621,000	104,000
421 Tagore Industrial Avenue #01-23 Tagore 8 Singapore 787805	1,145,000	621,000	104,000
2 Kallang Avenue #07-31 CT Hub Singapore 339407	<u>—</u>	<u>—</u>	<u>571,000</u>

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

11 INVESTMENT PROPERTIES (cont'd)

In 2013, the Company disposed its properties at 5 Dunlop Street, Singapore 209335, 7 Dunlop Street, Singapore 209337, 8A Admiralty Street #06-20 Singapore 757440 and 2 Kallang Avenue #07-31 CT Hub Singapore 339407 at cash consideration of \$2,500,000, \$2,700,000, \$1,540,000 and \$783,508 respectively.

The fair value is regarded as a level 3 in the fair value hierarchy. The fair value of the investment property have been determined on the basis of valuation carried out at the year end date by independent valuer, Vantage Valuers & Property Consultants Pte Ltd. in 2014 and desktop valuation method in 2013 performed by independent valuer having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation was arrived at principally by using the basis of comparable sale method that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to \$315,072 (2013 : \$257,758, 2012 : \$255,625) during the year. Direct operating expenses arising on the investment properties amounted to \$449,985 (2013 : \$371,579, 2012 : \$259,020).

The investment properties and property under construction are mortgaged to the bank to secure bank loans (Note 14).

12 TRADE PAYABLES

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Outside parties	7,047,531	8,391,536	7,609,878
Related parties (Note 5)	66,981	110,796	1,625,693
GST payable	215,993	174,373	154,570
	<u>7,330,505</u>	<u>8,676,705</u>	<u>9,390,141</u>

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

The average credit period on purchase of goods is 30 to 90 days (2013 : 30 to 90 days, 2012 : 30 to 90 days). No interest is charged on the outstanding trade payables.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

13 OTHER PAYABLES AND ACCRUALS

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Outside parties	705	425	233,472
Rental deposits received	67,301	37,121	58,609
Related party (Note 5)	978,903	949,006	416,000
Amount owing to a director (Note 5)	121,051	1,259,124	416,489
Accruals	1,170,625	2,619,055	2,353,951
	<u>2,338,585</u>	<u>4,864,731</u>	<u>3,478,521</u>

The amount owing to related party is unsecured, repayable on demand and bears interest at 4% (2013 : 4%, 2012 : 4%) per annum.

The amount owing to a director with carrying amount of \$947,899 and \$416,000 in 2013 and 2012 respectively were unsecured, repayable on demand and borne interest at 4% per annum.

14 BANK LOANS

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Term loans	5,129,114	5,937,963	4,885,009
Less: Amount due for settlement within 12 months	(810,833)	(2,348,304)	(1,543,522)
Amount due for settlement after 12 months	<u>4,318,281</u>	<u>3,589,659</u>	<u>3,341,487</u>

The Group's term loans consist of the facilities described below:

Neiken Switchgear (S) Pte. Ltd.

- a. A term loan of \$505,620 (2013 : \$572,969, 2012 : \$523,946). The loan was obtained in February 2012. Repayments commenced on March 2012 and will continue until March 2022. The loan is secured by a legal mortgage over the Group's freehold property. The loan carries interest at 2.20%, 2.20% and 1.00% below the prime rate for its first, second and third year respectively, 1.50% per annum over the prevailing 3 month Cost of Funds ("COF") for the next 2 years and thereafter at 0.75% above the prime rate.
- b. A term loan of \$709,399 (2013 : \$805,916, 2012 : \$769,586). The loan was obtained in February 2012. Repayments commenced on March 2012 and will continue until March 2022. The loan is secured by a legal mortgage over the Group's investment property. The loan carries interest at 1.60% and 1.95% below the prime rate for its first and second year respectively, 1.50% per annum over the prevailing 3 month Cost of Funds ("COF") for the next 2 years and thereafter at 0.75% above the prime rate.
- c. A term loan of \$390,684 (2013 : \$Nil, 2012 : \$Nil). The loan was obtained in March 2014. Repayments commenced on April 2014 and will continue until March 2029. The loan is secured by a legal mortgage over the Group's investment property. The loan carries interest at 3.10% and 2.65% below the prime rate for its first and second year respectively, and thereafter at 0.75% above the prime rate.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

14 BANK LOANS (cont'd)

Choo Chiang Marketing Pte. Ltd.

- a. A term loan of \$483,810 (2013 : \$561,984, 2012 : \$1,277,623). Interest for these loan is levied at 1.50% per annum over the applicable 3-month SWAP offer rate ("SOR"). Monthly instalment is revised every three month as affected by SOR over the tenor of 10 years with last instalments to be repaid on October 2020. The loan is secured by a legal mortgage over the Group's investment property. The effective interest rates are 1.75% (2013 : 1.70%, 2012 : 1.77% to 1.81%) per annum.
- b. A term loan of \$1,680,398 (2013 : \$1,865,157, 2012 : \$1,823,167). Interest is levied at 1.60% per annum for the first year, 1.95% per annum for the second year, 1.50% per annum over the prevailing 3 month Cost of Funds ("COF") for the next 2 years and thereafter at 0.75% above the Banks Commercial Financing Rate per annum with monthly rest. Such loans shall be repaid over the tenor of 10 years with last instalments to be repaid on February 2022. The loan is secured by a legal mortgage over the Group's investment property. The effective interest rate is 1.94% (2013 : 1.95%, 2012 : 1.60%).
- c. A term loan of \$114,400 (2013 : \$343,200, 2012 : \$438,194). Interest for the loan is levied at 1.25% per annum over the Bank's Cost of Funds or 1.25% per annum over the Bank's SWAP Offer Rate, whichever is higher. This loan has the tenor of 6 months with last instalment to be repaid in June 2015. The loan is secured by a legal mortgage over the Group's investment property. The effective interest rate is approximately 1.82% (2013 : 1.78%, 2012 : 1.80%) per annum.
- d. A term loan of \$88,535 (2013 : \$139,325, 2012 : \$52,493). Interest for the loan is levied at 1.40% per annum over the Bank's Cost of Funds or 1.40% per annum over the Bank's SWAP Offer Rate, whichever is higher. This loan has the tenor of 6 months with last instalment to be repaid in January 2015. The loan is secured by a legal mortgage over the Group's investment property. The effective interest rate is approximately 1.92% (2013 : 1.88%, 2012 : 1.97%) per annum.
- e. A term loan of \$1,156,268 (2013 : \$199,412, 2012 : \$Nil). Interest for the loan is levied at 3.10% below the bank's commercial financing rate per annum for the first years, 2.65% below the bank's commercial financing rate per annum for the second year and thereafter at 0.75% above the Bank's Commercial Financing Rate per annum with monthly rest. Such loans shall be repaid over the tenor of 10 years with last instalments to be repaid on August 2023. The loan is secured by a legal mortgage over the Group's investment property. The effective interest rate is approximately 1.85% (2013 : 1.40%, 2012 : Nil) per annum.
- f. A term loan of \$1,450,000 obtained in December 2013 which bears interests at 1.50% per annum over the Bank's Cost of Funds or 1.50% per annum over the Bank's SWAP Offer Rate, whichever is higher. This loan has the tenor of 6 months and has been repaid in June 2014. The loan is secured by a legal mortgage over the Group's investment property. The effective interest rate is approximately 1.97% per annum.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

15 FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	2014	2013	2012	2014	2013	2012
	\$	\$	\$	\$	\$	\$
Amounts payable under finance leases:						
Due within 1 year	111,708	—	—	96,847	—	—
Due within 2 to 5 years	221,277	—	—	208,261	—	—
	<u>332,985</u>	<u>—</u>	<u>—</u>	<u>305,108</u>	<u>—</u>	<u>—</u>
Less: Future finance charges	(27,877)	—	—	—	—	—
Present value of lease obligations	<u>305,108</u>	<u>—</u>	<u>—</u>	<u>305,108</u>	<u>—</u>	<u>—</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)				(96,807)	—	—
Amount due for settlement after 12 months				<u>208,301</u>	<u>—</u>	<u>—</u>

The lease terms are between 3 to 5 years. The effective interest rates range from 5.83% to 5.96% (2013 : Nil, 2012 : Nil) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk.

16 DEFERRED TAX LIABILITY

Deferred tax liability arises from the excess of tax over book depreciation of property, plant and equipment.

	Excess of tax over book depreciation
	\$
As at 1 January 2012	34,247
Charge to profit or loss for the year (Note 21)	(12,710)
As at 31 December 2012	<u>21,537</u>
Charge to profit or loss for the year (Note 21)	(15,958)
As at 31 December 2013	<u>5,579</u>
Under provision of prior year deferred taxation	4,647
Charge to profit or loss for the year (Note 21)	<u>13,818</u>
As at 31 December 2014	<u>24,044</u>

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

17 SHARE CAPITAL

The Company was incorporated on 5 September 2014. Accordingly, the share capital in the combined statement of financial position as at 31 December 2014 represents the paid-up capital of the Company.

The share capital in the combined statements of financial position as at 31 December 2013 and 2012 relates to the aggregate amounts of the Group's share of the issued and paid up share capital of the subsidiaries, Neiken Switchgear (S) Pte. Ltd. and Choo Chiang Marketing Pte. Ltd. as at 31 December 2014.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	Number of ordinary shares			\$	\$	\$
Issued and paid up:						
At beginning of the financial year	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Issued for cash on incorporation of the Company	1	—	—	1	—	—
Issued for cash pursuant to the Restructuring Exercise (Note 1)	699,999	—	—	5,519,999	—	—
At end of the financial year	<u>3,200,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>8,020,000</u>	<u>2,500,000</u>	<u>2,500,000</u>

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.

18 REVENUE

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Sales of goods	70,126,725	74,700,154	70,691,458
Rental income	315,072	257,758	255,625
	<u>70,441,797</u>	<u>74,957,912</u>	<u>70,947,083</u>

19 OTHER OPERATING INCOME

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Bad debts recovered	21,951	—	—
Gain in foreign exchange	6,932	17,062	850
Gain on disposal of investment properties	—	3,911,260	306,889
Gain on disposal of property, plant and equipment	130,396	37,846	42,056
Government grants	68,853	27,708	16,185
Interest income	28	48	5,045
Sponsorship	129,846	144,448	100,695
Sundry income	48,492	8,526	11,312
	<u>406,498</u>	<u>4,146,898</u>	<u>483,032</u>

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

20 FINANCE COSTS

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Bank loan interest	54,078	68,821	34,607
Finance lease interest	6,672	—	—
Interest expenses to director (Note 5)	36,399	31,899	16,000
Interest expenses to related party (Note 5)	38,664	33,006	16,000
	<u>135,813</u>	<u>133,726</u>	<u>66,607</u>

21 INCOME TAX EXPENSE

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Income tax expense comprises:			
Current tax expense	1,174,626	1,859,831	1,589,055
Over provision of tax expense in prior year	(2,265)	(78,431)	(82,741)
Under provision of prior year deferred taxation (Note 16)	4,647	—	—
Deferred tax expense (credit) (Note 16)	13,818	(15,958)	(12,710)
Total income tax expense	<u>1,190,826</u>	<u>1,765,442</u>	<u>1,493,604</u>

Domestic income tax is calculated at 17% (2013 : 17%, 2012 : 17%) of the estimated assessable profit for the year.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Profit before tax	<u>7,211,982</u>	<u>14,577,918</u>	<u>8,803,616</u>
Income tax expense calculated at 17% (2013 : 17%; 2012 : 17%)	1,226,037	2,478,246	1,496,615
Non-allowable (taxable) items	77,558	(532,862)	144,909
Tax exemption	(51,850)	(51,850)	(42,773)
Tax rebate	(44,794)	(43,117)	—
Productivity and Innovation Credit	(16,547)	(7,388)	(23,598)
Over provision of tax expense in prior year	(2,265)	(78,431)	(82,741)
Under provision of prior year deferred taxation (Note 16)	4,647	—	—
Others	(1,960)	844	1,192
	<u>1,190,826</u>	<u>1,765,442</u>	<u>1,493,604</u>

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

22 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Directors' remuneration:			
Short-term benefits	1,032,000	2,032,000	2,000,000
Post-employment benefits	22,085	22,085	19,285
Staff costs	6,893,964	6,744,131	6,515,363
Cost of defined contribution plans included in staff costs	465,931	465,094	467,361
Cost of inventories included in expense	52,849,196	52,354,067	50,522,135
Gain on disposal of property, plant and equipment	(130,396)	(37,849)	(42,056)
Gain on disposal on investment properties	—	(3,911,260)	(306,889)
Plant and equipment written off	1,459	1,112	—
Bad debts written off	32,343	—	67,009
Allowance for doubtful trade receivables	325,043	776,766	864,496
Allowance for doubtful other receivables	—	—	300,000
Reversal of allowance for doubtful trade receivables	(21,951)	—	—
(Reversal of) Allowance for stock obsolescence	(339,566)	2,600,019	221,438
Depreciation of property, plant and equipment	306,416	360,966	285,237
Depreciation of investment properties	243,988	223,077	154,504
Net foreign exchange gain	(2,758)	(13,658)	(850)
Audit fees paid to auditors of the Group	<u>50,000</u>	<u>27,800</u>	<u>24,600</u>

23 COMMITMENTS

(i) Capital commitments

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Commitments for the acquisition of investment properties	<u>3,024,032</u>	<u>5,277,248</u>	<u>11,584,899</u>

(ii) Operating lease payables

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Minimum lease payments under operating leases recognised as expense	<u>575,669</u>	<u>594,573</u>	<u>601,055</u>

CHOO CHIANG HOLDINGS LTD.**NOTES TO COMBINED FINANCIAL STATEMENTS****As at 31 December 2012, 2013 and 2014****23 COMMITMENTS (cont'd)**

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Within one year	516,667	397,844	437,857
In the second to fifth year inclusive	979,896	699,893	740,751
After five years	4,353,168	4,247,191	4,135,953
	<u>5,849,731</u>	<u>5,344,928</u>	<u>5,314,561</u>

Operating lease payments represent rentals payable by the Group for its land, office and retail premises. The leases are negotiated for terms between 2 to 60 years and rentals have varying terms and escalation clauses to reflect current market rental and value.

The Group as lessor

The Group has future lease income receivables in respect of sub-leasing of its office and manufacturing premises. The rental income earned during the financial year is \$315,072 (2013 : \$257,758, 2012 : \$255,625).

As at the end of the reporting period, the Group's future lease income receivables are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
Within one year	227,495	123,355	239,584
In the second to fifth year inclusive	261,054	2,315	127,985
	<u>488,549</u>	<u>125,670</u>	<u>367,569</u>

24 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:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$
<u>Earnings</u>			
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	<u>5,870,014</u>	<u>12,679,615</u>	<u>7,246,657</u>
<u>Number of share</u>			
Number of pre-placement shares	<u>208,000,000</u>	<u>208,000,000</u>	<u>208,000,000</u>
Earnings per share (cents) - basic	<u>2.82</u>	<u>6.10</u>	<u>3.48</u>

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

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

25 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
- (b) Property investment

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.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

25 SEGMENT INFORMATION (cont'd)

Segment revenue and results:

	Distribution business	Property investment business	Total
	\$	\$	\$
<u>2014</u>			
Revenue			
External sales of goods	70,126,725	–	70,126,725
Rental income	–	315,072	315,072
Segment revenue	70,126,725	315,072	70,441,797
Cost of sales			
External purchases	(52,849,196)	–	(52,849,196)
Cost of property maintenance	–	(250,621)	(250,621)
Segment cost of sales	(52,849,196)	(250,621)	(53,099,817)
Results			
Segment result	17,277,529	64,451	17,341,980
Other operating income	406,498	–	406,498
Distribution costs	(32,488)	–	(32,488)
Administrative expenses	(9,338,052)	(36,266)	(9,374,318)
Other operating expenses	(882,991)	(110,886)	(993,877)
Finance costs	(83,601)	(52,212)	(135,813)
Profit before tax	7,346,895	(134,913)	7,211,982
Other information			
Capital expenditure	765,247	2,253,216	3,018,463
Depreciation of property, plant and equipment	306,416	–	306,416
Depreciation of investment properties	–	243,988	243,988
Statement of financial position			
<u>Assets</u>			
Segment assets	32,784,297	15,254,094	48,038,391
Unallocated assets			692,521
Combined total assets			48,730,912
<u>Liabilities</u>			
Segment liabilities	11,507,616	4,623,494	16,131,110
Unallocated liabilities			15,278
Combined total liabilities			16,146,388

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

25 SEGMENT INFORMATION (cont'd)

	Distribution <u>business</u>	Property investment <u>business</u>	<u>Total</u>
	\$	\$	\$
<u>2013</u>			
Revenue			
External sales of goods	74,700,154	–	74,700,154
Rental income	–	257,758	257,758
Segment revenue	74,700,154	257,758	74,957,912
Cost of sales			
External purchases	(52,354,067)	–	(52,354,067)
Cost of property maintenance	–	(178,948)	(178,948)
Segment cost of sales	(52,354,067)	(178,948)	(52,533,015)
Results			
Segment result	22,346,087	78,810	22,424,897
Other operating income	235,638	3,911,260	4,146,898
Distribution costs	(76,050)	–	(76,050)
Administrative expenses	(10,267,763)	(12,426)	(10,280,189)
Other operating expenses	(1,364,040)	(139,872)	(1,503,912)
Finance costs	(93,393)	(40,333)	(133,726)
Profit before tax	10,780,479	3,797,439	14,577,918
Other information			
Capital expenditure	713,556	5,663,721	6,377,277
Depreciation of property, plant and equipment	360,966	–	360,966
Depreciation of investment properties	–	223,077	223,077
Statement of financial position			
<u>Assets</u>			
Segment assets	39,752,512	13,244,866	52,997,378
<u>Liabilities</u>			
Segment liabilities	15,873,007	5,281,003	21,154,010

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

25 SEGMENT INFORMATION (cont'd)

	Distribution business	Property investment business	Total
	\$	\$	\$
2012			
Revenue			
External sales of goods	70,691,458	–	70,691,458
Rental income	–	255,625	255,625
Segment revenue	70,691,458	255,625	70,947,083
Cost of sales			
External purchases	(50,522,135)	–	(50,522,135)
Cost of property maintenance	–	(176,667)	(176,667)
Segment cost of sales	(50,522,135)	(176,667)	(50,698,802)
Results			
Segment result	20,169,323	78,958	20,248,281
Other operating income	176,143	306,889	483,032
Distribution costs	(35,351)	–	(35,351)
Administrative expenses	(10,035,352)	(2,440)	(10,037,792)
Other operating expenses	(1,731,530)	(56,417)	(1,787,947)
Finance costs	(43,111)	(23,496)	(66,607)
Profit before tax	8,500,122	303,494	8,803,616
Other information			
Capital expenditure	1,120,037	3,991,134	5,111,171
Depreciation of property, plant and equipment	285,237	–	285,237
Depreciation of investment properties	–	154,504	154,504
Statement of financial position			
Assets			
Segment assets	34,300,420	11,416,470	45,716,890
Liabilities			
Segment liabilities	14,927,428	4,308,570	19,235,998

Geographical information

Revenue and profit of the Group are mainly derived from distribution sales of electrical fittings and wiring accessories to customers and rental income in Singapore which form the Group's strategic business.

The principal assets employed by the Group are located in Singapore. Accordingly, no other segmental information by geographical segment is presented.

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

26 DIVIDENDS

During the financial year ended 31 December 2012, Choo Chiang Marketing Pte. Ltd. declared and paid tax exempt (one-tier) interim dividend of \$2.400 per ordinary share amounting to \$4,800,000 to its then shareholders.

During the financial year ended 31 December 2013, Choo Chiang Marketing Pte. Ltd. declared and paid tax exempt (one-tier) interim dividend of \$3.725 per ordinary share amounting to \$7,450,000 to its then shareholders.

During the financial year ended 31 December 2014, Choo Chiang Marketing Pte. Ltd. declared and paid tax exempt (one-tier) interim dividend of \$5.400 per ordinary share amounting to \$10,800,000 to its then shareholders.

27 EVENT AFTER THE REPORTING PERIOD

At an extraordinary general meeting held on 23 June 2015, the shareholders approved, *inter alia*, the following:

- (i) the sub-division of 204,800,000 shares from 3,200,000 shares to 208,000,000 shares following the Restructuring Exercise. Every existing 1 ordinary share in the share capital of the Company be sub-divided into 65 ordinary shares;
- (ii) the conversion of the Company into a public company limited by shares and the consequential change of the name to "Choo Chiang Holdings Ltd.";
- (iii) the adoption of the new articles of association of the Company;
- (iv) the listing and quotation of all the issued shares (including the placement shares to be allotted and issued as part of the placement) the performance shares and the option shares to be issued (if any) on Catalist;
- (v) the allotment and issue of the placement shares which are the subject of the placement, on the basis that the placement shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respect with the existing issued and fully paid-up shares;
- (vi) the authorisation for the Directors, pursuant to Section 161 of the Companies Act and Section B of the Listing Manual of the SGX-ST ("Catalist Rules"), authority be and is hereby given to the Directors to (i) issue 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) 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 (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:

CHOO CHIANG HOLDINGS LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

As at 31 December 2012, 2013 and 2014

27 EVENT AFTER THE REPORTING PERIOD (cont'd)

- (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) 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) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
 - (b) (subject to such 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) 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) immediately after the placement, after adjusting for:
 - (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities and
 - (ii) any subsequent bonus issue, consolidation or sub-division of shares;
 - (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 Articles of Association 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 the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.
- (vii) the adoption of the Choo Chiang Performance Share Plan ("PSP") and that the Directors be authorised to allot and issue share upon the release of awards granted under the PSP.

CHOO CHIANG HOLDINGS LTD.

STATEMENT OF DIRECTORS

In the opinion of the directors, the combined financial statements of the Group as set out on pages A-3 to A-49 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2012, 2013 and 2014, and of the results, changes in equity and cash flows of the Group for the financial years then ended 31 December 2012, 2013 and 2014 and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Lim Teck Seng

Lim Teck Chuan

15 July 2015

APPENDIX B

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of our Company. These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles. It should be noted that on 8 October 2014, the Companies (Amendment) Bill No. 25 of 2014 was passed by the Singapore Parliament to amend the Companies Act. Pursuant to the Companies (Amendment) Act 2014 (Commencement) Notification 2015 dated 2 June 2015, certain amendments to the Companies Act which are set out in the Companies (Amendment) Act 2014 have taken effect on 1 July 2015. It is expected that the remaining provisions of the Companies (Amendment) Act 2014 will take effect in the first quarter of 2016.

Ordinary Shares

There are no founders, management, deferred or unissued shares reserved for issue for any purpose. We have only one (1) class of shares, namely, our ordinary shares which have identical rights in all respects and rank equally with one another. All of the ordinary shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the Catalist Rules purchase its Shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of our Shareholders. The aggregate number of Shares to be issued pursuant to such approval may not exceed 100.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 50.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being (the percentage of issued share capital being based on our issued Shares at the time such authority is given after adjusting for new Shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or sub-division of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier but any approval may be previously revoked or varied by our Company in general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. Our Company may close the register of Shareholders for any time or times if it provides ACRA with at least 14 days' notice and the SGX-ST at least ten (10) clear market days' notice. However, the register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. Our Company typically closes the register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

Subject to the Articles, the Companies Act or as required by the SGX-ST, there is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board may decline to register any transfer of Shares which are not fully paid Shares, or Shares on which our Company has a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the Directors and SGX-ST or any stock exchange on which our Company is listed.

Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as it may require. Our Company will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board may require.

General Meetings of Shareholders

Our Company is required to hold an annual general meeting every year. Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than ten per cent. (10.0%) of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two (2) or more Shareholders holding not less than ten per cent. (10.0%) of the issued share capital of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of the corporate name and a reduction in the share capital. Our Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who has supplied our Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every Shareholder present in person and by proxy or attorney, or in the case of a corporation by a representative shall have one (1) vote (provided that in the case of a Shareholder who is represented by two (2) proxies, only one of the two (2) proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy, attorney or representative shall have one (1) vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder or Shareholders present in person or by proxy or attorney or representative holding or representing not less than ten per cent. (10.0%) of the total voting rights of all Shareholders having the right to vote at the meeting or by at least two (2) Shareholders present in person or by proxy or attorney or representative and entitled to vote. In the case of an equality of vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

When the Companies (Amendment) Act 2014 comes into operation, the threshold to demand for a poll at a general meeting on any question or matter of other than the election of the chairman of the meeting or the adjournment of the meeting will be lowered from 10.0% to 5.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting.

It should also be noted that with effect from 1 August 2015, pursuant to amendments to the Catalyst Rules, voting on resolutions at general meetings will need to be conducted by poll.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of its profits. Our Board may also declare an interim dividend without the approval of our Shareholders. All dividends are paid pro rata amongst our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends payable in cash may be paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Company is listed.

Take-overs

Under the Singapore Code on Take-overs and Mergers (“**Singapore Take-over Code**”), issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting rights acquires additional voting shares representing more than one per cent. (1.0%) of the voting shares in any six (6) month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) 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);
- (c) a company with any of its pension funds and employee share schemes;
- (d) 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;

- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of:
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) 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 ten per cent. (10.0%) or more of the client's equity share capital;
- (f) 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;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with it for voting rights of the offeree company during the offer period and within the preceding six (6) months.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified out of the assets of our Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. Our Company may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

When the Companies (Amendment) Act 2014 comes into operation, it should be noted that our Directors and officers will still not be entitled to be indemnified by us against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Group. Save for certain exceptions, Directors and officers may be entitled to be indemnified by us against claims brought by third parties in relation to our Group.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Take-overs” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder’s shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that our Memorandum of Association or our Articles be amended; or
- (f) provide that we be wound up.

APPENDIX C

SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Articles of Association. This description is only a summary and is qualified by reference to our Articles of Association, a copy of which will be displayed at our registered office at 10 Woodlands Loop, Singapore 738388. The following are extracts of the provisions in our Articles relating to:

Directors

(a) Ability of interested directors to vote

Every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of our Directors in transactions or proposed transactions with our Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Notwithstanding such disclosure, a Director shall not vote in regard to any transactions or proposed transactions or arrangement in which he has, directly or indirectly, a personal material interest although he shall be taken into account in ascertaining whether a quorum is present.

(b) Remuneration

The remuneration in the case of a Director other than an Executive Director shall comprise: (i) fees which shall be a fixed sum and/or (ii) such fixed number of shares in the capital of our Company, and shall not at any time be by commission on, or percentage of, the profits or turnover, and no Director, whether an Executive Director or otherwise, shall be remunerated by a commission on, or percentage of turnover.

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of our Directors are outside the scope of his ordinary duties as a Director, may be paid such extra remuneration as our Directors may determine.

Our Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and officers) who are or shall have been at any time in the employment or service of our Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. Our Directors may also procure the establishment and subsidy of, or subscription and support to, any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of our Company or of any such other company as aforesaid or of our members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

(c) Borrowing

Subject to the Companies Act and the provisions of the Articles, our Directors may at their discretion exercise all powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any of the property or business of our Company including any uncalled or called but unpaid capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(d) Retirement age limit

There is no retirement age limit for Directors under our Articles. Section 153(1) of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the company or authorised to continue in office as a director of the company by way of an ordinary resolution passed at an annual general meeting of the company.

(e) Shareholding qualification

There is no shareholding qualification for Directors in our Articles.

Share rights and restrictions

Our Company currently has one (1) class of shares, namely, ordinary shares. Only persons who are registered on our register of members and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must (except as expressly authorised by the Companies Act) pay all dividends out of our profits. All dividends are paid pro rata amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends payable in cash may be paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by our Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by our Directors for the benefit of our Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to our Company. However, our Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to our Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against our Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. For the avoidance of doubt no member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

Our Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two (2) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one (1) vote, and on a poll, every shareholder present in person or by proxy, attorney or

representative shall have one (1) vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder or shareholders present in person or by proxy or attorney or representative holding or representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting or by at least two (2) shareholders present in person or by proxy or attorney or representative and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. Our Company may reduce its share capital or any undistributable reserve in any manner, subject to any requirements and consents required by law.

Variation of rights of existing shares or classes of shares

If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, whether or not our Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution the provisions of Section 184 of the Companies Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply.

Provided always that:

- (a) the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting; and
- (b) where all the issued shares of the class are held by one (1) person, the necessary quorum shall be one (1) person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights may only be made pursuant to a special resolution of the preference shareholders concerned, Provided Always That where the necessary majority for such a special resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore to hold or vote their shares.

APPENDIX D

TAXATION

The statements made herein regarding taxation are general in nature and are based on certain aspects of the tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date of this Offer Document and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our Shares or of any person acquiring, holding, selling or otherwise dealing with our Shares or on any tax implications arising from the acquisition, ownership, sale or other dealings in respect of our Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities) may be subject to special rules.

Prospective Shareholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of our Shares. The statements below are based on the assumption that our Company is a tax resident in Singapore for Singapore income tax purposes. It is emphasised that neither our Company nor any other persons involved in this Offer Document accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

INCOME TAX

Individual Income Tax

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercising an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Individual taxpayers (both resident and non-resident) are subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by individual taxpayers, regardless of whether they are resident or non-resident of Singapore, are generally exempt from income tax in Singapore except for such income received through a partnership in Singapore by resident individuals.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates ranging from 0% to 20% (and from 0% to 22% with effect from Year of Assessment 2017).

Income derived by a non-resident individual is, subject to certain exceptions and conditions, normally taxed at the rate of 20%. Singapore employment income derived by a non-resident individual is taxed at a flat rate of 15% or at resident rates, whichever yields a higher tax.

Corporate Income Tax

A company is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Singapore resident companies are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

Under the Singapore tax laws, foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore resident companies on or after 1 June 2003 are exempt from Singapore income tax if the following prescribed conditions are all met:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and
- (iii) the Comptroller is satisfied that the tax exemption would be beneficial to the Singapore resident company.

Non-resident companies are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore for both resident and non-resident companies is currently 17%. Partial tax exemption will apply to the first S\$300,000 of a company's normal chargeable income as follows:

- (i) 75% of up to the first S\$10,000 of a company's chargeable income; and
- (ii) 50% of up to the next S\$290,000 of a company's chargeable income.

The remaining chargeable income (after the partial tax exemption) will be fully taxable at the prevailing corporate tax rate of 17%.

In the 2015 Budget, the Minister for Finance had announced that both resident and non-resident companies will enjoy a corporate income tax rebate from Year of Assessment 2016 to Year of Assessment 2017. This tax rebate will be based on 30% of the tax payable up to a maximum tax rebate of S\$20,000 per year of assessment. This tax rebate will not apply to income derived by a non-resident company that is subject to final withholding tax.

Dividend Distributions

Singapore adopts the one-tier corporate tax system. Under the one-tier corporate tax system, the tax paid by a Singapore tax resident company is a final tax and the distributable profits of the company can be paid to its shareholders as tax exempt (one-tier) dividends. Dividends paid by Singapore resident companies under the one-tier corporate tax system would be tax exempt from Singapore income tax in the hands of their shareholders.

Where our Company is considered to be tax resident in Singapore, it will be under the one-tier corporate tax system. In such a situation, when our Company distributes dividends, these dividends will be tax exempt in the hands of our shareholders.

There is no Singapore withholding tax on dividends paid to both Singapore resident shareholders as well as non-Singapore resident shareholders. Foreign shareholders are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence, which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with Singapore.

Gain on Disposal of Our Shares

Singapore does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business in Singapore.

Any gains or profits derived from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore. However, if the seller is regarded as having derived such gains as trading gains in Singapore, such gains or profits will ordinarily be taxed as income.

Pursuant to Section 13Z of the Income Tax Act (Chapter 134) of Singapore and based on the IRAS e-Tax Guide on “Income Tax: Certainty of Non-taxation of Companies’ Gains on Disposal of Equity Investments” dated 30 May 2012, and subject to some exceptions, the gains derived from the disposal of ordinary shares in an investee company during the period from 1 June 2012 to 31 May 2017 (both dates inclusive) are not taxable if, immediately prior to the date of the share disposal, the divesting company had held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months.

In addition, Shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement (“FRS 39”) may be taxed on gains (not being gains in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their subscription, purchase, holding or disposal of our Shares.

STAMP DUTY

There is no stamp duty payable on the subscription for, allotment or holding of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2% of the consideration paid or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if an instrument of transfer is not executed or the instrument of transfer is executed outside Singapore and not brought into Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

ESTATE DUTY

Singapore estate duty has been abolished with effect from 15 February 2008.

GOODS AND SERVICES TAX (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply and so would not be subject to GST. In this regard, generally, GST directly incurred by the GST-registered investor in making such supplies may not be recovered from the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore and that person is outside Singapore at the time the sale is executed, the sale is generally a taxable supply subject to GST at 0%. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course of or furtherance of a business carried on by him, subject to the provisions of the Goods and Services Tax Act (Chapter 117A) of Singapore, may be recovered from the Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the standard rate, currently at 7%. Similar services rendered to an investor belonging outside Singapore are subject to GST at 0%, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

APPENDIX E

PERFORMANCE SHARE PLAN

1. NAME OF THE PERFORMANCE SHARE PLAN

The Performance Share Plan shall be called the “Choo Chiang Performance Share Plan”.

2. DEFINITIONS

2.1 In this Performance Share Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	: The date on which the Performance Share Plan is adopted by our Company in general meeting
“Auditors”	: The auditors of our Company for the time being
“Award”	: An award of Shares granted under the Performance Share Plan
“Board”	: Our board of Directors of our Company for the time being
“Catalist”	: The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	: Section B of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“CDP”	: The Central Depository (Pte) Limited
“Commencement Date”	: The date for the commencement of the Performance Share Plan
“Committee”	: The remuneration committee of our Company, or such other committee comprising directors of our Company duly authorised and appointed by our Board to administer this Performance Share Plan
“Companies Act”	: The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Company”	: Choo Chiang Holdings Ltd.
“Controlling Shareholder”	: A Shareholder who, in relation to our Company, has control, as further defined in Rule 2.2
“CPF”	: The Central Provident Fund
“Director”	: A person holding office as a director of our Company for the time being
“Group”	: Our Company and its subsidiaries
“Group Employee”	: Any confirmed employee of our Group (including any Group Executive Director) selected by the Committee to participate in the Performance Share Plan in accordance with the provisions thereof

“Group Executive Director”	:	A director of our Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the Performance Share Plan
“Non-Executive Director”	:	A director of our Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
“Participant”	:	A person who is selected by the Committee to participate in the Performance Share Plan in accordance with the provisions of the Performance Share Plan
“Performance Share Plan”	:	The performance share plan of our Company known as the “Choo Chiang Performance Share Plan”, as amended, modified or supplemented from time to time
“Performance Targets”	:	The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the Performance Share Plan
“Record Date”	:	The date fixed by our Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares
“Rules”	:	The rules of the Performance Share Plan, as the same may be amended or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of our Company
“Treasury Shares”	:	Issued Shares of our Company which were (or are treated as having been) purchased by our Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by our Company
“Vesting Date”	:	In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10
“S\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent.”	:	Per centum

2.2 For the purposes of the Performance Share Plan:

- (a) in relation to a Shareholder (including, where the context requires, our Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15.0% or more of our Company’s issued share capital shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Catalist Rules or any other publication prescribing rules or regulations for corporations admitted to Catalist (as modified, supplemented or amended from time to time).

2.3 The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

2.4 Any reference in the Performance Share Plan or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the Performance Share Plan and the Rules shall have the meaning assigned to it under the Companies Act.

2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.6 Any reference to a time of day shall be a reference to Singapore time.

3. OBJECTIVES

The main objectives of the Performance Share Plan are as follows:

- (a) to attract potential employees with relevant skills to contribute to our Group and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of our Group;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (d) to give recognition to the contributions made by the Participants to the success of our Group; and
- (e) to retain key employees of our Company whose contributions are essential to the long-term prosperity of our Group.

4. ELIGIBILITY

4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Performance Share Plan at the absolute discretion of the Committee:

- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
- (b) Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.

- 4.2 Controlling Shareholders and the associates of the Controlling Shareholders who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the Performance Share Plan provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the Performance Share Plan, to a Participant who is a Controlling Shareholder or an associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person.
- 4.3 Participants who are also Shareholders and are eligible to participate in the Performance Share Plan must abstain from voting on any resolution relating to the Performance Share Plan, including the participation in the Performance Share Plan and grant of Awards to the Participants, and should not accept nominations as proxies or otherwise for voting in respect of such resolution unless specific instructions have been given in the proxy instrument on how the votes are to be casted.
- 4.4 Controlling Shareholders and their associates shall abstain from voting on the resolution in relation to their participation in the Performance Share Plan and grant of Awards to them.
- 4.5 For the purposes of determining eligibility to participate in the Performance Share Plan, the secondment of a Group Employee to another company within our Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of our Group.
- 4.6 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by our Company or any other company within our Group.
- 4.7 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Performance Share Plan may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE PERFORMANCE SHARE PLAN

- 5.1 The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the Performance Share Plan; and (b) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of our Company, shall not exceed 15.0% of the total number of issued Shares (including Treasury Shares) of our Company from time to time.
- 5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Performance Share Plan.
- 5.3 The aggregate number of Shares available to the Controlling Shareholders and the associates of the Controlling Shareholders (including adjustments made in accordance with Rule 11) shall not exceed 25.0% of the Shares available under the Performance Share Plan.
- 5.4 The number of Shares available to each Controlling Shareholder or associate of the Controlling Shareholder (including adjustments made in accordance with Rule 11) shall also not exceed ten per cent. (10.0%) of the Shares available under the Performance Share Plan.

6. DATE OF GRANT

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

7. AWARDS

- 7.1 The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Performance Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of our Group.
- 7.2 In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with our Group, achievement of past Performance Targets, value-add to our Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.
- 7.3 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:
- (a) in relation to a performance-related Award, the Performance Targets for the Participant and the period during which the Performance Targets shall be met;
 - (b) the number of Shares to be vested on the Participant; and
 - (c) the date by which the Award shall be vested.
- 7.4 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the Performance Share Plan will comply with the relevant rules of the Catalist Rules.
- 7.5 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

8. VESTING OF THE AWARDS

- 8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:
- (a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
 - (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (c) subject to Rule 8.2, upon the Participant ceasing to be in the employment of our Group for any reason whatsoever; or

- (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Performance Share Plan (as set out in Rule 3) have not been met.

8.2 A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:

- (a) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) death;
- (d) retirement at or after the legal retirement age;
- (e) retirement before the legal retirement age with the consent of the Committee; or
- (f) any other event approved by the Committee.

9. TAKE-OVER AND WINDING UP OF OUR COMPANY

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Targets which fall within the period commencing on the date on which such offer for a take-over of our Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6)-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be met); or
- (b) the date of expiry of the period for which the Performance Targets are to be met,

provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfil such Performance Targets until the expiry of such specified date or the expiry date of the Performance Targets relating thereto, whichever is earlier, before an Award can be vested.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of our Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

9.3 If an order or an effective resolution is made for the winding-up of our Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.

- 9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

10. RELEASE OF AWARDS

- 10.1 As soon as reasonably practicable after the end of each performance period, the Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 10.2 The Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to our Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.
- 10.3 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.
- 10.4 Subject to the prevailing legislation and the provisions of the Catalist Rules, our Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as Treasury Shares to the Participants.
- 10.5 In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on our Company of either issuing New Shares or purchasing existing Shares.
- 10.6 The Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies Act for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.
- 10.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Committee referred to in Rule 10.1. On the Vesting Date, the Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.
- 10.8 Where New Shares are to be allotted upon the vesting of any Award, our Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for permission to deal in, and for quotation of, such Shares on Catalist.
- 10.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:
- (a) the securities account of that Participant maintained with CDP;

- (b) the securities sub-account of that Participant maintained with a Depository Agent; or
- (c) the CPF investment account maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

10.10 New Shares allotted and issued, and existing Shares held in treasury procured by our Company for transfer, on the release of an Award, shall be subject to all the provisions of the Memorandum and Articles of Association of our Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of Treasury Shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

10.11 Shares which are allotted, and/or Treasury Shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

11. VARIATION OF CAPITAL

11.1 If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of our Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2 The following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the Performance Share Plan; and
- (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company.

11.3 Notwithstanding the provisions of Rule 11.1:

- (a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

- 11.4 Upon any adjustment required to be made pursuant to this Rule 11, our Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

12. ADMINISTRATION OF THE PERFORMANCE SHARE PLAN

- 12.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 12.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Performance Share Plan) for the implementation and administration of the Performance Share Plan as they think fit including, but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
 - (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the Performance Share Plan as a whole.
- 12.3 Any decision of the Committee made pursuant to any provision of the Performance Share Plan (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the Performance Share Plan or any rule, regulation, procedure thereunder or as to any rights under the Performance Share Plan.

13. NOTICES AND ANNUAL REPORT

- 13.1 Any notice required to be given by a Participant to our Company shall be sent or made to the registered office of our Company or such other addresses as may be notified by our Company to him in writing.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between our Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of our Company and shall be delivered to him by hand or sent to him at his home address according to the records of our Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 13.3 The following disclosures (as applicable) will be made by our Company in its annual report for so long as the Performance Share Plan continues in operation:
- (a) the names of the members of the Committee administering the Performance Share Plan;
 - (b) in respect of the following Participants:
 - (i) Directors of our Company;
 - (ii) Associates of the Controlling Shareholders; and
 - (iii) Participants (other than those in paragraph (b)(i) and (ii) above) who have received Shares pursuant to the vesting of the Awards granted under the Performance Share Plan which, in aggregate, represent five per cent. (5.0%) or more of the total number of Shares available under the Performance Share Plan, the following information:
 - (aa) the name of the Participant;

- (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
- (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the Performance Share Plan to the end of the financial year under review;
- (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the Performance Share Plan since the commencement of the Performance Share Plan to the end of the financial year under review; and
- (ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and

(c) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

14. MODIFICATIONS TO THE PERFORMANCE SHARE PLAN

- 14.1 Any or all the provisions of the Performance Share Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:
- (a) any modification or alteration which would be to the advantage of Participants under the Performance Share Plan shall be subject to the prior approval of Shareholders in a general meeting; and
 - (b) no modification or alteration shall be made without due compliance with the Catalist Rules and such other regulatory authorities as may be necessary.
- 14.2 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the Performance Share Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE PERFORMANCE SHARE PLAN

- 16.1 The Performance Share Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of our Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 16.2 The Performance Share Plan may be terminated at any time at the discretion of the Committee or by an ordinary resolution of our Company in general meeting subject to all other relevant approvals which may be required and if the Performance Share Plan is so terminated, no further Awards shall be offered by our Company thereunder.
- 16.3 Notwithstanding the expiry or termination of the Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

17. TAXES

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the Performance Share Plan shall be borne by that Participant.

18. COSTS AND EXPENSES

- 18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the Performance Share Plan to be payable by the Participants, all fees, costs and expenses incurred by our Company in relation to the Performance Share Plan including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by our Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and our Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to our Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on the SGX-ST.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. GOVERNING LAW

The Performance Share Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the Performance Share Plan, and our Company irrevocably submits to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX F

VALUER'S REPORT

VALUER'S REPORT



Our Ref: V0615-1 KHA

12 June 2015

Choo Chiang Holdings Ltd.
10 Woodlands Loop
Singapore 738388

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

Dear Sirs



VALUATION OF PROPERTIES AT

- 1) 10 WOODLANDS LOOP, S'PORE 738388
- 2) 8B ADMIRALTY STREET #01-06 & #01-07, 8B@ADMIRALTY, S'PORE 757440
- 3) BLK 640 ROWELL ROAD #01-70, ROWELL COURT, S'PORE 200640
- 4) 65 UBI ROAD 1 #02-65 OXLEY BIZ HUB, S'PORE 408729
- 5) 3 SOON LEE STREET #01-09, PIONEER JUNCTION, S'PORE 627606
- 6) 5 SOON LEE STREET #01-66 & 01-67, PIONEER POINT, S'PORE 627607
- 7) 48 TOH GUAN ROAD EAST #01-102, ENTERPRISE HUB, S'PORE 608586
- 8) 23 NEW INDUSTRIAL ROAD #02-08, SOLSTICE BUSINESS CTE, S'PORE 536209
- 9) 9 TAGORE LANE #02-07 & #03-16, 9@TAGORE, S'PORE 787472
- 10) 421 TAGORE INDUSTRIAL AVENUE #01-22, #01-23, TAGORE 8, S'PORE 787805
- 11) 9 TAGORE LANE #01-16 & #02-06, 9@TAGORE, S'PORE 787472
- 12) 421 TAGORE INDUSTRIAL AVENUE #01-29, TAGORE 8, S'PORE 787805

We refer to your request to us for our advice on the respective Open Market Value of each of the above-mentioned properties for an initial public offering of shares in the capital of Choo Chiang Holdings Ltd. (hereinafter referred to as "the Company").

We confirm that we have inspected the properties and conducted the relevant study and investigations as we consider necessary for the purpose of providing you with our opinion of the respective value of the properties.

This valuation has been prepared solely for inclusion in the Offer Document of the Company in relation to the initial public offering of shares in the capital of the Company, by way of public offer and placement.

The valuation has been carried out in accordance with the Valuation Standards and Guidelines published by The Singapore Institute of Surveyors And Valuers.

Each of the Open Market Value is assessed based on the estimated market value which means the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation assuming:

- (a) a willing but not anxious vendor (seller) and a willing but not anxious purchaser (buyer);
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale; and
- (c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation.

VALUER'S REPORT

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the properties, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the properties are free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

In arriving at our opinion of values, we have considered the prevailing market conditions, especially those pertaining to the industrial/commercial sector of the property market. The valuation methods adopted to arrive at our opinion of value are the Direct Comparison Method and Investment Method. Each method has been used as a check against the other.

A summary of our opinion of the respective Open Market Value of the properties are given below:

Property Address	Land Area (sqm)	Floor Area (sqm)	Market Value (\$)
10 Woodlands Loop, Singapore 738388	5117.2	3344	9,300,000
8B Admiralty Street #01-06 & #01-07, 8B@Admiralty, Singapore 757440	NA	325 (#01-06) 323 (#01-07)	1,570,000 1,560,000
Blk 640 Rowell Road #01-70, Rowell Court, Singapore 200640	NA	147	3,000,000
65 Ubi Road 1 #02-65 Oxley Biz Hub, Singapore 408729	NA	115	1,220,000
3 Soon Lee Street #01-09, Pioneer Junction, Singapore 627606	NA	170 (#01-09)	1,070,000
5 Soon Lee Street #01-66 & #01-67, Pioneer Point, Singapore 627607	NA	112 (#01-66) 90 (#01-67)	638,000 560,000
48 Toh Guan Road East #01-102, Enterprise Hub, Singapore 608586	NA	374	1,200,000
23 New Industrial Road #02-08, Solstice Business Centre, Singapore 536209	NA	148	1,400,000
9 Tagore Lane #02-07 & #03-16, 9@Tagore, Singapore 787472	NA	364 (#02-07) 332 (#03-16)	1,820,000 1,660,000
421 Tagore Industrial Avenue #01-22 & #01- 23, Tagore 8, Singapore 787805	NA	255 (#01-22) 255 (#01-23)	2,070,000 2,070,000
9 Tagore Lane #01-16 & #02-06, 9@Tagore, Singapore 787472	NA	291 (#01-16) 315 (#02-06)	2,000,000 1,580,000
421 Tagore Industrial Avenue #01-29, Tagore 8, Singapore 787805	NA	319	2,700,000
Total			35,418,000

VALUER'S REPORT

Vantage Valuers & Property Consultants Pte Ltd has relied upon the property data supplied by the relevant authorities which we assume to be true and accurate.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the properties and are not a related corporation of nor do we have a relationship with the Company, the advisers or other party/parties whom the Company is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that our valuers undertaking this valuation are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully



.....
Signature

KOH HENG ANN
Director, Licensed Valuer
for **Vantage Valuers & Property Consultants Pte Ltd**

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE



Date	:	12 June 2015
Our Reference	:	V0615 – 1 KHA
Valuation Prepared for	:	Choo Chiang Holdings Ltd.
Purpose of Valuation	:	For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.
Date of Inspection	:	5 June 2015 (External Inspection)
Address of Property	:	10 Woodlands Loop Singapore 738388
Type of Property	:	A purpose built part 1/part 2 storey detached factory
Brief Description	:	The subject property is located at Woodlands Loop, within an industrial estate known as Woodlands East Industrial Estate. It is diagonally opposite the junction of Woodlands Loop and Woodlands Link. It is accessible from Woodlands Loop. The immediate locality is industrial in character, comprising mainly detached industrial buildings and multi-storey purpose built factories. Prominent buildings nearby include Progen Building, MMI Building, Kong Guan Building, Jordon Building and Seagate Building. Food centre, fire post and other amenities are available in the vicinity. Public transport is available with access to bus stands, MRT station, Seletar Expressway and other expressways.
Legal Description	:	Lot 4705P Mukim 13
Tenure	:	66-year lease commencing from 2 May 1999
Registered Proprietor(s)	:	Choo Chiang Marketing Pte Ltd
Land Area	:	5117.2 sqm
Gross Floor Area	:	Approximately 3344 sqm (subject to survey)
Condition (Existing)	:	Good (External Inspection)
Master Plan Zone (2014 Edition)	:	Business 2

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method / Investment Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market value of the subject property on vacant possession basis and free from all encumbrances is **S\$9,300,000**



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE



Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 8B Admiralty Street
#01-06 & #01-07, 8B@Admiralty
Singapore 757440

Type of Property : 2 units of ground floor warehouses (each with mezzanine level)

Brief Description : The subject properties are located in an industrial building at Admiralty Street, off Admiralty Road West & Sembawang Drive. The subject properties are accessible from Admiralty Street.

The immediate locality is predominantly industrial in character, comprising mainly industrial buildings. Prominent developments nearby include Admirax, North Link Building and Food Xchange @Admiralty. Food centre, park and other amenities are available in the vicinity. Public transport is available with access to MRT stations, bus stands, Seletar Expressway and other highways.

Legal Description : Lot U104651W Mukim 13 (for unit #01-06)
Lot U104652V Mukim 13 (for unit #01-07)

Tenure : 60-year lease commencing from 9 October 2000

Registered Proprietor(s) : Choo Chiang Marketing Pte Ltd

Strata Floor Area : 325 sqm (unit #01-06)
323 sqm (unit #01-07)

Condition (Existing) : Above average (External Inspection)

Master Plan Zone (2014 Edition) : Business 1

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the respective market value of the subject properties on vacant possession basis and free from all encumbrances is as follows:-

S\$1,570,000 for unit #01-06
S\$1,560,000 for unit #01-07



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

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VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSiSV

Koh Heng Ann
BSc (Est Mgt) MSiSV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : Blk 640 Rowell Road
#01-70 Rowell Court
Singapore 200640

Type of Property : Ground floor HDB shop

Brief Description : The subject property is located within a building at Rowell Road, off its junction with Kampong Kapor Road. The subject property is accessible from Rowell Road.

The immediate locality is predominantly commercial, part institutional and part residential in character, comprising mainly shops, shophouses, budget hotels, terrace houses and HDB flats. Prominent landmarks nearby include Rochor Neighbourhood Police Centre and Kampong Kapor Methodist Church. Shops, offices, eating houses, food centre, multi-storey car park and other amenities are available in the vicinity. Public transport is available with access to bus stands, MRT station, the Central Expressway and other expressways.

Legal Description : Lot U2352N Town Subdivision 16

Tenure : 87-year lease commencing from 1 July 1996

Registered Proprietor(s) : Choo Chiang Marketing Pte Ltd

Strata Floor Area : 147 sqm

Condition (Existing) : Average (External Inspection)

Master Plan Zone (2014 Edition) : Residential with Commercial at the first storey



Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market value of the subject property on vacant possession basis and free from all encumbrances is **S\$3,000,000**



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

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VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 65 Ubi Road 1
#02-65 Oxley BizHub
Singapore 408729

Type of Property : Second storey warehouse

Brief Description : The subject property is located in the industrial complex (known as Oxley BizHub) at Ubi Road 1, off Airport Road, Ubi Avenue 4 and Paya lebar Road. This industrial complex is accessible from Ubi Road 1

The immediate locality is industrial in character, comprising many industrial buildings. Prominent developments nearby include Yi Guang building, Crocodile House, Breadtalk HQ and UB One. Shops, food centre, petrol station, schools and other amenities are available in the vicinity. Public transport is available with access to MRT station, bus stands, Pan-Island Expressway and other expressways.

Legal Description : Lot U26813W Mukim 23

Tenure : 60-year lease commencing from 15 November 2010

Registered Proprietor(s) : Choo Chiang Marketing Pte Ltd

Strata Floor Area : 115 sqm

Condition (Existing) : Above average (External Inspection)

Master Plan Zone : Business 1
(2014 Edition)



Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market value of the subject property on vacant possession basis and free from all encumbrances is **S\$1,220,000**



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 5 Soon Lee Street
#01-66 & #01-67, Pioneer Point
Singapore 627607

3 Soon Lee Street
#01-09 Pioneer Junction
Singapore 627606

Type of Property : 3 units of ground floor warehouses

Brief Description : The subject properties are located at Soon Lee Street, off Soon Lee Road. The subject properties are accessible from Soon Lee Street.

The immediate locality is predominantly industrial in character, comprising mainly industrial buildings. Prominent developments nearby include Pioneer Centre, SBS Transit Bus Depot, SCAL Recreation Centre and Dawn Logistics Centre. Food centre, shops and other amenities are available in the vicinity. Public transport is available with access to MRT stations, bus stands, Pan-Island Expressway and other highways.

Legal Description : Lot U70305V Mukim 6 (for unit #01-66)
Lot U70306P Mukim 6 (for unit #01-67)
Lot U68401W Mukim 6 (for unit #01-09)

Tenure : 30-year lease commencing from 17 October 2011

Registered Proprietor(s) : Choo Chiang Marketing Pte Ltd

Strata Floor Area : 112 sqm (unit #01-66)
90 sqm (unit #01-67)
170 sqm (unit #01-09)

Condition (Existing) : Average (External Inspection)

Master Plan Zone : Business 2
(2014 Edition)

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the respective market value of the subject properties on vacant possession basis and free from all encumbrances is as follows:-

S\$638,000 for unit #01-66 Pioneer Point
S\$560,000 for unit #01-67 Pioneer Point
S\$1,070,000 for unit #01-09 Pioneer Junction



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date	:	12 June 2015
Our Reference	:	V0615 – 1 KHA
Valuation Prepared for	:	Choo Chiang Holdings Ltd.
Purpose of Valuation	:	For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.
Date of Inspection	:	5 June 2015
Address of Property	:	48 Toh Guan Road East #01-102 Enterprise Hub Singapore 608586
Type of Property	:	Ground floor warehouse (with mezzanine level)
Brief Description	:	<p>The subject property is located in an industrial building (known as Enterprise Hub) at Toh Guan Road East, off Toh Guan Road and Toh Tuck Road. It is accessible from Toh Guan Road East.</p> <p>The immediate locality is industrial in character, comprising many industrial buildings. Prominent developments nearby include Toh Guan Centre, Toh Guan Dormitory, Hitachi Elevator and Quek Industrial Building. Shops, food centre, petrol station, schools and other amenities are available in the vicinity. Public transport is available with access to MRT station, bus stands, Pan-Island Expressway and other expressways.</p>
Legal Description	:	Lot U62277A Mukim 5
Tenure	:	60-year lease commencing from 1 December 1997
Registered Proprietor(s)	:	Choo Chiang Marketing Pte Ltd
Strata Floor Area	:	374 sqm
Condition (Existing)	:	Above average (External Inspection)
Master Plan Zone (2014 Edition)	:	Business 2

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us



VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market value of the subject property on vacant possession basis and free from all encumbrances is **S\$1,200,000**



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSiSV

Koh Heng Ann
BSc (Est Mgt) MSiSV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 23 New Industrial Road
#02-08 Solstice Business Centre
Singapore 536209

Type of Property : Ground floor warehouse

Brief Description : The subject property is located in the industrial complex known as Solstice Business Centre at New Industrial Road, off Upper Paya Lebar Road. This industrial complex is accessible from New Industrial Road.

The immediate locality is generally industrial in character, comprising many multi-storey purpose built industrial buildings and detached industrial buildings. Prominent developments nearby include KHL Building, Kimly Building, Hudson Technocentre and Times Centre. Shops and other amenities are available in the vicinity. Public transport is available with access to bus stands, Pan-Island Expressway and other expressways.

Legal Description : Lot U26459P Mukim 23

Tenure : Freehold title (Estate in Fee Simple)

Registered Proprietor(s) : Choo Chiang Marketing Pte Ltd

Strata Floor Area : 148 sqm

Condition (Existing) : Good (External Inspection)

Master Plan Zone (2014 Edition) : Business 1



Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market value of the subject property on vacant possession basis and free from all encumbrances is **S\$1,400,000**



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date	:	12 June 2015
Our Reference	:	V0615 – 1 KHA
Valuation Prepared for	:	Choo Chiang Holdings Ltd.
Purpose of Valuation	:	For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.
Date of Inspection	:	5 June 2015
Address of Property	:	9 Tagore Lane #02-07 & #03-16, 9@Tagore Singapore 787472
Type of Property	:	Warehouse units (each with a mezzanine level)
Brief Description	:	<p>The subject properties are located in an industrial building at Tagore Lane, off Tagore Industrial Avenue and Upper Thomson Road. The subject properties are accessible from Tagore Lane.</p> <p>The immediate locality is industrial in character, comprising mainly detached industrial buildings and multi-storey purpose built factories. Prominent buildings nearby include Tagore 8 (under construction), DF Building, United Agencies Building, Tagore Building, NTUC Fairprice Centre and Tagore 23 Warehouse. Fire post and other amenities are available in the vicinity. Public transport is available with access to bus stands, Pan-Island Expressway, Seletar Expressway and other expressways.</p>
Legal Description	:	Lot U9726C Mukim 20 (for unit #02-07) Lot U9768N Mukim 20 (for unit #03-16)
Tenure	:	Freehold title (Estate in Perpetuity)
Registered Proprietor(s)	:	Choo Chiang Marketing Pte Ltd
Strata Floor Area	:	364 sqm (unit #02-07) 332 sqm (#03-16)
Condition (Existing)	:	Average (External Inspection)
Master Plan Zone (2014 Edition)	:	Business 1

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the respective market value of the subject properties on vacant possession basis and free from all encumbrances is as follows:-

S\$1,660,000 for unit #03-16
S\$1,820,000 for unit #02-07



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
 MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
 BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 421 Tagore Industrial Avenue
 #01-22 & #01-23, Tagore 8
 Singapore 787805

Type of Property : Warehouse units

Brief Description : The subject properties are located in an industrial building at Tagore Industrial Avenue, off Tagore Lane and Upper Thomson Road. The subject properties are accessible from Tagore Industrial Avenue.

The immediate locality is industrial in character, comprising mainly detached industrial buildings and multi-storey purpose built factories. Prominent buildings nearby include 9@Tagore, DF Building, United Agencies Building, Tagore Building, NTUC Fairprice Centre and Tagore 23 Warehouse. Fire post and other amenities are available in the vicinity. Public transport is available with access to bus stands, Pan-Island Expressway, Seletar Expressway and other expressways.

Legal Description : Lot U17289X Mukim 20 (for unit #01-22)
 Lot U17290X Mukim 20 (for unit #01-23)

Tenure : Freehold title

Registered Proprietor(s) : Choo Chiang Marketing Pte Ltd

Floor Area : About 255 sqm (unit #01-22), subject to survey
 About 255 sqm (unit #01-23), subject to survey

Condition (Existing) : Average (External Inspection)

Master Plan Zone : Business 1
 (2014 Edition)



Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the respective market value of the subject properties on vacant possession basis and free from all encumbrances is as follows:-

S\$2,070,000 for unit #01-22
S\$2,070,000 for unit #01-23



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 9 Tagore Lane
#01-16 & #02-06, 9@Tagore
Singapore 787472

Type of Property : Warehouse units (each with a mezzanine level)

Brief Description : The subject properties are located in an industrial building at Tagore Lane, off Tagore Industrial Avenue and Upper Thomson Road. The subject properties are accessible from Tagore Lane.

The immediate locality is industrial in character, comprising mainly detached industrial buildings and multi-storey purpose built factories. Prominent buildings nearby include Tagore 8 (under construction), DF Building, United Agencies Building, Tagore Building, NTUC Fairprice Centre and Tagore 23 Warehouse. Fire post and other amenities are available in the vicinity. Public transport is available with access to bus stands, Pan-Island Expressway, Seletar Expressway and other expressways.

Legal Description : Lot U9711L Mukim 20 (for unit #01-16)
Lot U9725L Mukim 20 (for unit #02-06)

Tenure : Freehold title (Estate in Perpetuity)

Registered Proprietor(s) : Neiken Switchgear (S) Pte Ltd

Strata Floor Area : 291 sqm (unit #01-16)
315 sqm (#02-06)

Condition (Existing) : Average (External Inspection)

Master Plan Zone (2014 Edition) : Business 1

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the respective market value of the subject properties on vacant possession basis and free from all encumbrances is as follows:-

S\$2,000,000 for unit #01-16
S\$1,580,000 for unit #02-06



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

VALUER'S REPORT

Sim Gek Eng
MSc (Real Est), BSc (Est Mgt), MSISV

Koh Heng Ann
BSc (Est Mgt) MSISV

VALUATION CERTIFICATE

Date : 12 June 2015

Our Reference : V0615 – 1 KHA

Valuation Prepared for : Choo Chiang Holdings Ltd.

Purpose of Valuation : For initial public offering of shares in the capital of Choo Chiang Holdings Ltd.

Date of Inspection : 5 June 2015

Address of Property : 421 Tagore Industrial Avenue
#01-29, Tagore 8
Singapore 787805

Type of Property : Warehouse unit

Brief Description : The subject property is located in an industrial building at Tagore Industrial Avenue, off Tagore Lane and Upper Thomson Road. The subject property is accessible from Tagore Industrial Avenue.

The immediate locality is industrial in character, comprising mainly detached industrial buildings and multi-storey purpose built factories. Prominent buildings nearby include 9@Tagore, DF Building, United Agencies Building, Tagore Building, NTUC Fairprice Centre and Tagore 23 Warehouse. Fire post and other amenities are available in the vicinity. Public transport is available with access to bus stands, Pan-Island Expressway, Seletar Expressway and other expressways.

Legal Description : Lot U17296W Mukim 20

Tenure : Freehold title

Registered Proprietor(s) : Neiken Switchgear Pte Ltd

Floor Area : About 319 sqm, subject to survey

Condition (Existing) : Average (External Inspection)

Master Plan Zone : Business 1
(2014 Edition)



Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us

VALUER'S REPORT

Basis of Valuation : Capital Value

Method of Valuation : Direct Comparison Method

Date of Valuation : 30 April 2015

Valuation : In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market value of the subject property on vacant possession basis and free from all encumbrances is **S\$2,700,000**



KOH HENG ANN
Director, Licensed Valuer
for **VANTAGE VALUERS & PROPERTY CONSULTANTS PTE LTD**

This valuation certificate is subjected to the attached Limiting Conditions

LIMITING CONDITIONS

This Report is issued subject to the following Limiting Conditions :

1. This report is confidential to the Client for the specific purpose to which it refers. The Valuer's responsibility in connection with this report is limited to the client to whom the report is addressed.
2. Where it is stated in the report that information has been supplied to the Valuer by another party, this information is believed to be reliable but the Valuer can accept no responsibility if this should prove not to be so.
3. No structural survey has been made of the buildings and we are not able to report that the buildings are free of rot infestation or any other defect. None of the services in the buildings were tested.
4. No responsibility is assumed by the appraiser for matters which are of legal nature nor is any opinion on the title rendered herewith. Good title is assumed.
5. The appraiser certifies that, to the best of his knowledge and belief, all statements and information which appear in the report are true, and no pertinent information has been knowingly or deliberately withheld.
6. The title to the property is assumed to be good and free from any encumbrances and restrictions of an onerous nature unless otherwise specified. We accept no responsibility for any investigations into title, searches and requisitions and other such legal matters.
7. No allowance has been made in our report for any charges, mortgages, outgoing or amounts owing on the property, nor for any expenses or taxes which may be incurred in effecting a sale.
8. The Valuer is not required to give testimony or to appear in court by reason of this Valuation Report, with reference to the property in question, unless arrangement has been made therefor.
9. The values assessed in this report and any allocation of values thereof apply only in the terms of and for the purpose of this report and may not be used for any other purpose.
10. Any plan or tracing included in this Report is solely for identification purposes only and should not be treated otherwise.
11. Information on Town Planning is obtained from the set of Master Plan and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements.
12. In this valuation, it is assumed that the current use of the property is not in contravention of any planning or other Statutory regulations or law.

APPENDIX G

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply for and purchase the Invitation Shares at the Invitation Price for each Invitation Share subject to the following terms and conditions set out below and in the relevant printed application forms to be used for the purpose of this Invitation and which forms part of this Offer Document (the “**Application Forms**” or, as the case may be, the Electronic Applications (as defined herein)):

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks (“**ATM Electronic Applications**”) or through Internet Banking (“**IB**”) websites of the relevant Participating Banks (“**Internet Electronic Applications**”), or through the mobile banking interface of the relevant Participating Banks (“**mBanking Applications**”, which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”).

Your application for the Placement Shares may only be made by way of printed **BLUE** Placement Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Offer Shares or the Placement Shares. If you submit an application for Offer Shares by way of an Offer Shares Application Form, you **MAY NOT** submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

If you submit an application for Offer Shares by way of an ATM Electronic Application, you **MAY NOT** submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

If you have made an application for Placement Shares by way of a Placement Shares Application Form, you should not make any application for Offer Shares either by way of an Offer Shares Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Offer Shares Application Form, you may not make any application for Placement Shares. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

Joint and multiple applications for the Invitation Shares may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of the deceased at the time of the application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licenced securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/ passport number, nationality and permanent residence status provided in your Application Form or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one (1) individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent, reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or which**

does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance.

Our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent, further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of our Company and the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent, as agents of our Company, have been authorised to accept, for and on behalf of our Company and the Vendors such other forms of application as the Sponsor and Issue Manager, and the Underwriter and Placement Agent deem appropriate.

10. Our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent, reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allocation, which shall be at our discretion, due consideration will be given to the desirability of allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Subject to your provision of a valid and correct CDP Securities Account number, share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid applications and payment for the Invitation Shares, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allocated to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number, CPF Investment Account number (if applicable) and shares application amount from your account with the relevant Participating Bank to the Share Registrar and Share Transfer Agent, SCCS, SGX-ST, CDP, our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent.

- 11A. In the event that our Company lodges a supplementary or replacement offer document ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been transferred, the Vendors shall either:
 - (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;

- (b) within seven (7) days from the date of lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
- (c) deem your application as withdrawn and cancelled and shall, within seven (7) days from the date of lodgement of the Relevant Document, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom.

Where you have notified us and the Vendors within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under Paragraph 11A(a) and (b) above to withdraw your application, the Vendors shall pay to you all monies paid by you on account of your application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification.

In the event that at the time of the lodgement of the Relevant Document, the Invitation Shares have already been transferred but trading has not commenced, the Vendors shall either:

- (d) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Vendors the Invitation Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (e) within seven (7) days from the date of lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return to the Vendors the Invitation Shares which you do not wish to retain title in; or
- (f) deem the transfer as void and refund your payment for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom) within seven (7) days from the date of lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 11A(d) and (e) above to return the Invitation Shares transferred to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us and the Vendors of this and return all documents, if any, purporting to be evidence of title of those Invitation Shares, whereupon the Vendors shall, subject to compliance with applicable laws and the Articles of Association of our Company, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Invitation Shares without interest or any share of revenue or other benefit arising there from and at his own risk, and the Invitation Shares transferred to him shall be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw your application or return the Invitation Shares allocated to you, may be found in such Relevant Document.

12. In the event of an under-purchase of Offer Shares as at the close of the Application List, that number of Offer Shares under-purchased shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-purchase of Placement Shares as at the close of the Application List.

In the event of an under-purchase of Placement Shares as at the close of the Application List, that number of Placement Shares under-purchased shall be made available to satisfy applications for Offer Shares to the extent that there is an over-purchase of Offer Shares as at the close of the Application List.

In the event of an over-purchase of Offer Shares as at the close of the Application List and Placement Shares are fully purchased or over-purchased as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendors after consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, and approved by the SGX-ST.

In all the above instances, the basis of allocation of the Invitation Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable via an announcement through the SGX-ST and through an advertisement in a local newspaper.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allocated to you pursuant to your application, to us, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent and any other parties so authorised by the foregoing persons. CDP shall not be liable for any delays, failures, or inaccuracies in the recording, storage or transmission of delivery of data relating to Electronic Applications.
14. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application and a person applying for the Placement Shares through the Placement Agent by way of a Placement Shares Application Form.
15. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application or mBanking Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Banks or the mobile banking interface of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price for each Invitation Share and agree that you will accept such Invitation Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs or mobile banking interface of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to the Vendors upon application;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allocate any Invitation Shares to you;
 - (e) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residence status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount, the outcome of your application (including the number of Invitation Shares allocated to you pursuant to your application) and other personal data (“**Personal Data**”) by the Share Registrar, CDP, SCCS, the SGX-ST, the Participating Banks, our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of the processing of your application for the Invitation

Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sponsor and Issue Manager, and the Underwriter and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and

- (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.
16. Our acceptance of applications will be conditional upon, *inter alia*, our Company and the Vendors being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares on Catalist;
 - (b) the Management and Sponsorship Agreement and the Underwriting and Placement Agreement referred to in the section entitled “General and Statutory Information – Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company and the Vendors may determine; and
 - (c) the SGX-ST, acting as agent on behalf of the Authority, has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allocated.
17. In the event that a Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as agent on behalf of the Authority or other competent authority, and
- (a) in the case where the Invitation Shares have not been transferred, all applications shall be deemed to have been withdrawn and cancelled and the Vendors shall refund all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days of the date of the Stop Order; or
 - (b) in the case where the Invitation Shares have already been transferred but trading has not commenced, the transfer of the Invitation Shares shall be deemed to be void and the Vendors shall, within 14 days from the date of the Stop Order, refund all monies paid on account of your application for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk).

This shall not apply where only an interim Stop Order has been served.

18. In the event that an interim Stop Order in respect of the Invitation Shares is served by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, no Invitation Shares shall be transferred to you during the time when the interim Stop Order is in force.
19. The SGX-ST, acting as agent on behalf of the Authority, or other competent authority, is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been transferred, listed for quotation on a securities exchange and trading in the Invitation Shares has commenced.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local English newspaper.

20. We will not hold any application in reserve.
21. We will not allocate Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
22. Additional terms and conditions for applications by way of Application Forms are set out below.
23. Additional terms and conditions for applications by way of Electronic Applications are set out below.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under Appendix G of this Offer Document entitled "Terms, Conditions and Procedures for Application and Acceptance", as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Application Forms and **WHITE** envelopes "A" and "B" for Offer Shares, the **BLUE** Application Forms for Placement Shares, accompanying and forming part of this Offer Document. We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company and the Vendors, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.**
2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**CHOO CHIANG SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name, CDP Securities Account number and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent, for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or any other party involved in the Invitation, and if, in any such event, our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the Participating Banks and/or the relevant Participating Bank do not receive your Application Form, you shall have no claim whatsoever against our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the relevant Participating Bank and/or any other party involved in the Invitation for the Invitation Shares applied for or for any compensation, loss or damage.

11. By completing and delivering the Application Form, you agree that:

- (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 27 July 2015** or such other time or date as our Company and the Vendors may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) neither our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
- (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (d) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (g) you agree to and accept the Personal Data Privacy Terms as set out in this Offer Document;
- (h) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent or other authorised operators; and
- (i) you irrevocably agree and undertake to purchase the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation Shares that may be allocated to you in respect of your application. In the event that our Company decides to allocate a smaller number of Invitation Shares or not to allocate any Invitation Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** envelopes "A" and "B". **ONLY ONE (1) APPLICATION** should be enclosed in each envelope.

2. You must:
- (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** envelope “A” provided;
 - (b) in the appropriate spaces on the **WHITE** envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;
 - (c) seal the **WHITE** envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **CHOO CHIANG HOLDINGS LTD. C/O THE SHARE REGISTRAR M & C SERVICES PRIVATE LIMITED, 112 ROBINSON ROAD, #05-01, SINGAPORE 068902**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on **WHITE** envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk to **CHOO CHIANG HOLDINGS LTD. C/O THE SHARE REGISTRAR M & C SERVICES PRIVATE LIMITED, 112 ROBINSON ROAD, #05-01, SINGAPORE 068902**, to arrive by **12.00 noon on 27 July 2015 or such other time as our Company and the Vendors may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

- 1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE (1) APPLICATION** should be enclosed in each envelope.
- 2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **CHOO CHIANG HOLDINGS LTD. C/O THE SHARE REGISTRAR M & C SERVICES PRIVATE LIMITED, 112 ROBINSON ROAD, #05-01, SINGAPORE 068902**, to arrive by **12.00 noon on 27 July 2015 or such other time as our Company and the Vendors may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
- 3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications), the IB website screens (in the case of Internet Electronic Applications) and the mobile banking interface (in the case of mBanking Applications) of the relevant Participating Banks. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of the UOB Group are set out respectively in the “Steps for an ATM Electronic Application through ATMs of the UOB Group”, the “Steps for an Internet Electronic Application through the IB website of the UOB Group” and the mobile banking interface of DBS Bank, “Steps for an mBanking Application through the mBanking interface of DBS Bank” (collectively, the “**Steps**”) appearing below.

The Steps set out the actions that you must take at an ATM or the IB website of the UOB Group or the mobile banking interface of DBS Bank, as the case may be, to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM, the IB website of a relevant Participating Bank or as the case may be, the mobile banking interface of DBS Bank.

You must have an existing bank account with and be an ATM cardholder of one (1) of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one (1) Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (“**User ID**”) and a Personal Identification Number/Password (“**PIN**”) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure, when making an Internet Electronic Application, that

- (a) you are currently in Singapore at the time of making such application;
- (b) your mailing address for IB with the relevant Participating Bank is in Singapore; and
- (c) you are not a US person⁽¹⁾ (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended from time to time),

and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

Note:

- (1) For details, please refer to the definition of “US person” on the IB websites.

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out under Appendix G of this Offer Document entitled “Terms, Conditions and Procedures for Application and Acceptance” as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) **that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number, application details and other personal data (the “Relevant Particulars”) with the relevant Participating Bank to the CPF, CDP, SCCS, SGX-ST, Share Registrar, our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent or other authorised operators (the “Relevant Parties”); and**
 - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mobile banking interface of DBS Bank, as the case may be. By doing so, you shall be treated as signifying your confirmation of each of the above three (3) statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE (1) ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK, THE MOBILE BANKING INTERFACE OF DBS BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank or an mBanking Application at the mobile banking interface of DBS Bank, for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allocated to you in respect of your Electronic Application.

In the event that our Company decides to allocate any lesser number of such Offer Shares or not to allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allocated to you and your agreement to be bound by the Memorandum and Articles of Association of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or documents required for the transfer of the Offer Shares that may be allocated to you.

We will not keep any applications in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

In the event that the Invitation is cancelled by us following the termination of the Management and Sponsorship Agreement and the Underwriting and Placement Agreement pursuant to the Management and Sponsorship Agreement and the Underwriting and Placement Agreement respectively, on and subject to the terms and conditions of this Offer Document, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within fourteen (14) days of the termination of the Invitation. In the event that the Invitation is cancelled following the issuance of a Stop Order by the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within fourteen (14) days from the date of the Stop Order.

Responsibility for timely refund of application monies arising from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allocated to you before trading the Offer Shares on Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allocation via an announcement through the SGX-ST and by advertisement in a local newspaper). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Vendors, the Sponsor and Issue Manager, nor the Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

5. **If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.**

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:

Bank	Telephone	ATM/Internet	Operating Hours	Service Expected From
UOB Group	1800 222 2121	ATM (Other Transactions – “IPO Results Enquiry”) / Internet Banking / Phone Banking http://www.uobgroup.com ⁽¹⁾	24 hours a day	Evening of the balloting day
DBS Bank	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com ⁽²⁾	24 hours a day	Evening of the balloting day
OCBC	1800 363 3333	ATM / Internet Banking/ Phone Banking http://www.ocbc.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the ATMs or IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, ATMs of the UOB Group or UOB Phone Banking Services.
- (2) If you have made your Electronic Application through the ATMs or IB website of DBS Bank or mBanking Application through the mobile banking interface of DBS Bank, you may check the results of your application through the channel listed above.
- (3) If you have made your Electronic Application through the ATMs of OCBC, you may check your results through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking Services.

6. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendors, the Sponsor and Issue Manager, and the Underwriter and Placement Agent and if, in any such event, our Company, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the Vendors and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the Electronic Application.
7. **Electronic Applications shall close at 12.00 noon on 27 July 2015 or such other time as our Company and the Vendors may, in consultation with the Sponsor and Issue Manager, and the Underwriter and Placement Agent, decide.** Subject to the paragraph above, an Internet Electronic Application or mBanking Application is deemed to be received when it enters the designated information system of the relevant Participating Bank, that is when there is an on-screen confirmation of the application.

8. You are deemed to have irrevocably requested and authorised our Company to:
- (a) register the Offer Shares allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies in Singapore currency, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
9. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
10. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
11. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
12. By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs, the IB websites (if any) and the mobile banking interface of DBS Bank:
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) neither our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company and not otherwise, notwithstanding any payment or received by or on behalf of our Company;

- (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
- (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendors, the Sponsor and Issue Manager, the Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained.

Steps for Electronic Applications through the ATMs and the IB website of the UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through ATMs or through the IB website of the UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than the UOB Group) may differ from that represented below.

Steps for an ATM Electronic Application through ATMs of the UOB Group

Owing to space constraints on the UOB Group's ATM screens, the following terms will appear in abbreviated form:

"&"	:	and
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	THE CENTRAL PROVIDENT FUND
"NRIC" or "IC"	:	NATIONAL REGISTRATION IDENTITY CARD
"PIN"	:	PERSONAL IDENTIFICATION NUMBER
"PR"	:	PERMANENT RESIDENT
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LIMITED

Step 1 : Insert your personal Unicaard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2 : Select "**CASHCARD/OTHER TRANS**".

3 : Select "**SECURITIES APPLICATION**".

4 : Select the share counter which you wish to apply for.

5 : Read and understand the following statements which will appear on the screen:

- **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT(S). ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT(S).**

(Press "**ENTER**" to continue)

- **PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT.**

- **WHERE APPLICABLE, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/ OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT.**

(Press **"ENTER"** to continue)

6 : Read and understand the following terms which will appear on the screen:

- **YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ SUPPLEMENTARY DOCUMENT AND THIS ELECTRONIC APPLICATION.**

(Press **"ENTER"** key to continue)

- **YOU CONSENT TO DISCLOSE YOUR NAME, IC/PASSPORT, NATIONALITY, ADDRESS, APPLICATION AMOUNT, CPF INVESTMENT ACCOUNT NUMBER AND CDP ACCOUNT NUMBER FROM YOUR ACCOUNTS TO CDP, CPF, SCCS, SHARE REGISTRARS, SGX-ST AND ISSUER/VENDOR(S).**
- **THIS IS YOUR ONLY FIXED PRICE APPLICATION AND IS IN YOUR NAME AND AT YOUR RISK.**

(Press **"ENTER"** to continue)

7 : Screen will display:

NRIC/Passport No. XXXXXXXXXXXX

IF YOUR NRIC/PASSPORT NUMBER IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Press **"CANCEL"** or **"CONFIRM"**)

- 8 : Select mode of payment i.e. **"CASH ONLY"**. You will be prompted to select Cash Account type to debit (i.e., **"CURRENT ACCOUNT/I-ACCOUNT"**, **"CAMPUS ACCOUNT"** OR **"SAVINGS ACCOUNT/TX ACCOUNT"**). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.
- 9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of the UOB Group). If this is the first time you are using the UOB Group's ATM to apply for securities, your CDP Securities Account number will not be stored in the ATM system of the UOB Group, and the following screen will be displayed for your input of your CDP Securities Account number.

10 : Read and understand the following terms which will appear on the screen:

1. **YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO/SECURITIES APPLICATION. THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FURTHER APPLICATIONS.**
2. **DO NOT APPLY FOR JOINT ACCOUNT HOLDER OR THIRD PARTIES.**
3. **PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12 DIGITS) & PRESS ENTER.**

If you wish to terminate the transaction, please press **"CANCEL"**.

- 11 : Key in your CDP Securities Account number (12 digits) and select **"CONFIRM-YES"**.
- 12 : Select your nationality status.
- 13 : Key in the number of shares you wish to apply for and press the **"ENTER"** key.
- 14 : Check the details of your Electronic Application on the screen and press **"ENTER"** key to confirm your Electronic Application.
- 15 : Select **"NO"** if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Steps for an Internet Electronic Application through the IB website of the UOB Group

Owing to space constraints on the UOB Group's IB website screens, the following terms will appear in abbreviated form:

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD"	:	Singapore Dollars
"SCCS"	:	Securities Clearing and Computer Services (Pte) Limited
"SGX"	:	Singapore Exchange Securities Trading Limited

- Step 1. Connect to the UOB Group at <http://www.uobgroup.com>.
- 2. Locate the "UOB Online Services Login" icon on the top right hand side of the Home Page.
 - 3. Point on "UOB Online Services Login" icon and at the drop list select "UOB Personal Internet Banking".
 - 4. Enter your Username and Password and click **"Submit"**.
 - 5. Click on **"Proceed"** under the Full Access Mode.
 - 6. You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click **"Proceed"**.
 - 7. Click on "EPS/Securities/CPFIS", followed by **"Securities"**, followed by **"Securities Application"**.
 - 8. Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.
 - 9. Click **"Continue"**.
 - 10. Select your country of residence (you must be residing in Singapore to apply), and click **"Continue"**.

11. Select the “Securities Counter” from the drop list (If there are concurrent IPOs) and click **“Submit”**.
12. Check the “Securities Counter”, select the mode of payment and account number to debit and click on **“Submit”**.
13. Read the important instructions and click on **“Continue”** to confirm that:
 1. You have read, understood and agreed to all the terms of this application and the Prospectus/Document or Supplementary Document.
 2. You consent to disclose your name, NRIC or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the Securities registrars, SGX, SCCS, CDP, CPF and issuer/vendor(s).
 3. This application is made in your own name, for your own account and at your own risk.
 4. For FIXED/MAX price Securities application, this is your application. For TENDER price Securities application, this is your only application at the selected tender price.
 5. For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in SGD, based on the Bank’s exchange rate, or application monies may be debited and refunds credited in SGD at the same exchange rate.
 6. For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.
14. Check your personal details, details of the share counter you wish to apply for and account to debit.

Select (a) Nationality;

Enter (b) your CDP Securities Account number; and

(c) the number of shares applied for.

Click **“Submit”**
15. Check the details of your application, your NRIC/passport number, CDP Securities Account number and the number of shares applied for, share counter, payment mode and account to debit.
16. Click **“Submit”**, **“Clear”** or **“Home”** as applicable.
17. Print the Confirmation Screen (optional) for your own reference and retention only.

Steps for an mBanking Application through the mBanking interface of DBS Bank

Owing to space constraints on DBS Bank’s mBanking interface, the following terms will appear in abbreviated form:

“A/C”	:	Account
“Amt”	:	Amount
“I/C”	:	National Registration Identity Card

“SGX-ST” : Singapore Exchange Securities Trading Limited

“NO.” : Number

- Step 1. Login to DBS Bank mBanking application using your User ID and PIN
2. Select “Investment Services”
3. Select “Electronic Securities Application”
4. Select “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended)
5. Select your country of residence.
6. Select the share counter you wish to apply for.
7. Select “Yes” to confirm, *inter alia*:
- (a) You have read, understood and agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - (b) For the purposes of facilitating your application, you consent to the bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, CDP, the issuer/vendor(s) and issue manager(s).
 - (c) You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
 - (d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “U.S. person” (as defined in Regulation S under the United States Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the United States Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
 - (e) This application is made in your own name and at your own risk.
 - (f) For FIXED / MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
 - (g) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S\$ at the same exchange rate.

- (h) FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.
- 8. Fill in details for the securities application and click “Submit”.
- 9. Check the details of your share application, your IC / Passport No., and click “Confirm” to confirm your application.
- 10. Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

**CHOO CHIANG
HOLDINGS LTD.**

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