



**CHOO CHIANG
HOLDINGS LTD.**

Sustainability

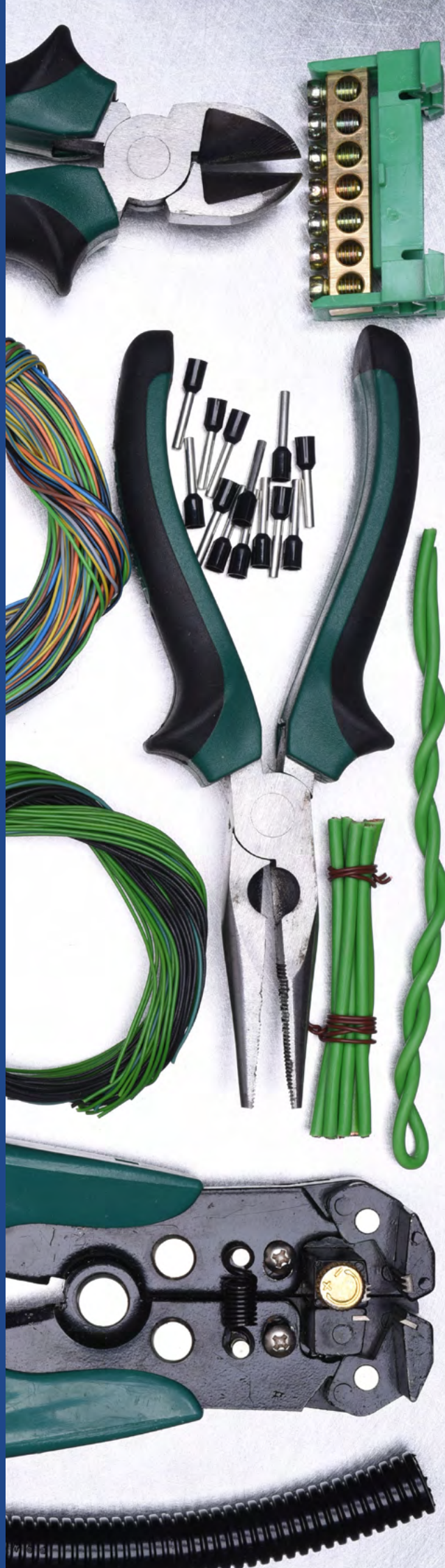
Report 2018



CONTENTS

Introduction	01
About This Report	01
About Us	01
Contact Us	01
Board Statement	02
Economic	02
Environment	02
Social	02
Governance	02
Sustainability Management Structure	03
Responsibilities Of Sustainability Management Structure	03
Sustainability Reporting	04
Our Approach To Sustainability	04
Scope Of Report	04
External Charter And Principles	04
Global Standards	04
Corporate Policies And Controls	04
Stakeholders' Engagement	05
Stakeholders' Sustainability Concerns And Value Creation	05
Material Assessment	06
Material Aspects Identified	06
Material Factors – Economic And Environmental	07
Economic Performance	07
Supplier Environmental Assessment	07
Material Factors – Social	08
Occupational Health And Safety	08
Training And Education	09
Training For Directors	09
Training For All Employees	09
Material Factors – Governance	10
Corporate Governance And Policies	10
GRI Content Index	11

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



Introduction

ABOUT THIS REPORT

The Sustainability Report of Choo Chiang Holdings Ltd. ("**CCH**" or the "**Company**" and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**") (the "**Report**") is prepared in accordance with Global Reporting Initiative ("**GRI**") Standards: Core Option that contains the key materiality issues identified through materiality assessment and will be produced annually. As part of our commitment, CCH has engaged an external consultant to advise in its preparation of the Report.

The Report provides information regarding the Group's performance in various key areas which include Economic and Environmental progress, Social growth and Governance. The Reports also covers the vast range of Economic and Environmental, Social and Governance activities between January 1, 2018 and December 31, 2018 which have contributed to the success of the Group. The various goals and the strategies and initiatives to achieve these goals have been addressed to in this Report.

We have not sought external independent assurance for this reporting period and will consider doing so in the future as our sustainability reporting efforts matures.

ABOUT US

CCH is one of the leading retailers and distributors of electrical products and accessories in Singapore with a retail presence of more than 20 years. We offer an extensive range of electrical products and accessories for residential and industrial use at our 10 strategically located retail branches in Singapore. Our retail outlets are supported by a team of service oriented sales employees and a fleet of delivery vehicles. In addition to this Distribution Business, the Group holds 12 investment properties which are rented out for rental income. The Group was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 July 2015 (stock code 42E) and is headquartered in Singapore. More details on the Group can be found in our Annual Report for FY2018.

CONTACT US

CCH continuously seeks for annual improvement over our sustainability practices and report. We want to share our sustainability journey and desire to hear from our stakeholders. The Company welcomes stakeholders to submit any feedback or suggestions to ccm@ccm.sg.

Board Statement

Choo Chiang Holdings Ltd. is proud to publish its Sustainability Report for the financial year ended 31 December 2018. The Report is prepared in accordance with the GRI Standards: Core Option, which demonstrates our commitment towards operational sustainability and corporate responsibility.

The Management of CCH has established a Sustainability Council and a Sustainability Working Group, which works under the guidance of the Board to ensure that sustainability measures are implemented across the business. The Sustainability Council will measure and review progress towards our sustainability goals and engage accountable stakeholders to ensure targets are met.

The relationship with our stakeholders is extremely important to us. Moreover, we also aim on integrating sustainability measures in our business strategies along with high governance. This not only allows us to be an honest and transparent business but also enables us to give back and value add to the community. This financial year, we have made remarkable progress with respect to the management of the Economic and Environmental, Social and Governance (“ESG”) factors.

ECONOMIC

By incorporating sustainability measures and corporate social responsibility values in our business strategies, this has allowed us to enhance our stakeholders’ value and higher positive returns. Amid the challenging environment, we have multiplied our growth and we are committed on an ongoing basis to improve the Group’s sustainability. Looking forward, we believe this would lead the Group towards positive growth.

ENVIRONMENT

Reducing the impacts that we have on the environment has been an important part of how we run our business for many years. We have proven that this approach brings lasting, mutual benefits to our business and in the world

that we live in. During the year, we have worked with waste contractors on our long-term no-waste ambition. Besides reducing the impact on the natural environment through efficient waste management and recycling disposable items such as copper and paper, we have also raised employee awareness on critical issues in sustainable development through relevant initiatives.

SOCIAL

In order to ensure the long term success of the business, the Management recognises the importance of attracting, retaining and developing a high-quality workforce. Hence, we have invested in employee trainings to promote professional and personal development for employees as well as rewarding those who uphold our values within the organisation.

GOVERNANCE

Corporate governance is at the heart of our business in achieving our sustainability goals. Building a system in which high standards are upheld and best practices are applied business-wide is essential to our successful long-term performance. We strive to maintain integrity, transparency, accountability and discipline in all our practices and have put in place a robust governance framework to ensure we meet our objectives.

Looking ahead, we hope to further improve our sustainability tracking through a target-based approach with clear and measurable metrics. In this Report, you will be provided with a balanced view of our position and performance with regards to some key issues and added-value measurements.

We hope you find the Report interesting and informative as we continue our sustainability journey.

Yours sincerely,
Thomas Lim
Executive Chairman and CEO

Sustainability Management Structure



Figure 1: Sustainability Management Structure for Choo Chiang Holdings Ltd

RESPONSIBILITIES OF SUSTAINABILITY MANAGEMENT STRUCTURE



Figure 2: Responsibilities of Sustainability Management Structure for Choo Chiang Holdings Ltd

Sustainability Reporting

OUR APPROACH TO SUSTAINABILITY

CCH's sustainability approach is focused on creating value for all its stakeholders. The approach follows our sustainability policy which is to:

- Observe and comply with all relevant legislation, regulations and codes of practice;
- Consider sustainability issues in key areas of impact and integrate these considerations in business decisions;
- Ensure all of CCH's employee and Management are aware of its sustainability initiatives and are committed to implementing, supporting and measuring these activities; and
- Review, report and continuously strive to improve sustainability performance.

Sustainability is managed across the business through relevant policies, programs and operating procedures that are in place. These are shared with all employees of CCH, supported with training and well-defined roles and responsibilities. This guides the Management of CCH on its decision-making processes and ensures that we continually deliver on our business principles across all of our operations.

We employ a risk-based management approach. This involves reviewing our policies periodically, adjusting how we work in the event of any breach and reporting compliance levels.

We believe that to meet our sustainability goals and live by our values, we need to integrate best practices into our day-to-day operations.

Our aim is to contribute to local economies where we have a presence as well as to create a workplace that brings out the best in our employees. Most importantly, we want to build a sustainable business based on trust.

The Management is committed to integrate positive sustainability practices into our working environment and business processes. This is essential in order to deliver value to our business partners, foster trust with our communities and ensure transparency and sustainable growth for our investors.

SCOPE OF REPORT

The scope of this Report covers all businesses of CCH and its subsidiaries.

In defining the Report's content and the aspect boundaries, CCH considered the principles of materiality, stakeholder inclusiveness, sustainability context and completeness. In determining the materiality factors, CCH has engaged key stakeholders through various channels, including but not limited to formalised surveys. The sustainability concerns from the various stakeholders were then consolidated and prioritised into a materiality matrix. Please refer to the stakeholders' engagement table and materiality matrix below for more information.

EXTERNAL CHARTER AND PRINCIPLES

CCH's policies and business activities are aligned to the global standards and are supported by a variety of external charters and principles. We have also developed and adopted a range of corporate policies and internal controls that support the Board and Management.

Global Standards

- Applicable provisions of the Securities and Futures Act (Chapter 289)
- Listing Manual Section B: Rules of Catalist issued by SGX-ST
- Code of Corporate Governance
- Other policies and procedures adopted by CCH include the Whistle Blowing Policy and the Personal Data Protection Policy. These can be found in CCH's website under the Corporate Governance section at <http://ccm.sg/www/corporate-governance.html>

Corporate Policies And Controls

- Personal Data Protection
- Conflicts of Interest
- Business Continuity
- Insider Dealing
- Enterprise Risk Management

Stakeholders' Engagement

CCH's stakeholders are highly diverse, reflecting the breadth of our footprint within the Singapore market.

CCH has identified the main stakeholder groups using the GRI standards and have put in place processes for effective communication with the key stakeholders.

Based on influence, representation, responsibility, dependency and proximity, CCH has narrowed down six (6) main stakeholder groups. Understanding their key sustainability concerns is essential in building a sustainable business.

STAKEHOLDER GROUP	MODE OF ENGAGEMENT	FREQUENCY
Investors and Shareholders	Annual General Meeting	Annually
Government/Regulator/Authority	Surveys/Electronic Communications/ Annual Return	Annually/Quarterly/Ad Hoc
Employees	Performance Plan Evaluation	Annually
Media/Public Relation	Public Conferences and Events/Press Releases/Publications	Frequently
Supplier/Customer	Electronic Communication/Surveys/ Customer Feedback Management	Frequently/Annually
Local Communities	Electronic Communications	Ad Hoc

Figure 3: Stakeholder Groups for Choo Chiang Holdings Ltd

STAKEHOLDERS' SUSTAINABILITY CONCERNS AND VALUE CREATION

KEY STAKEHOLDERS	VALUE CREATION	SUSTAINABILITY CONCERNS
Investors and Shareholders	CCH is dedicated to ensuring long-lasting relationships with its shareholders and also aims on maximising the returns. The company strongly believes in publishing its annual and sustainability reports in order to communicate in a more transparent manner with its shareholders.	<ul style="list-style-type: none"> Economic performance
Government/Regulator/ Authority	CCH strongly believes in abiding by the law and ensuring that all the practices meet regulatory requirements. The company has high standards set in place to ensure it follows the highest standard of corporate governance.	<ul style="list-style-type: none"> Economic performance Supplier environmental assessment
Employees	CCH is highly committed in ensuring that the workplace is safe and is a source of constant growth and development for all its employees since the employees are the pillars of the organisation. The company also ensures that the employees are equipped with relevant skills to contribute positively to the business operations. Hence, there are various training programmes in place for career development.	<ul style="list-style-type: none"> Training and education Occupational health and safety
Media/Public Relation	CCH ensures that all its business practices are conducted with the highest standards of corporate governance and is always on par with the industry practices.	<ul style="list-style-type: none"> Economic performance Supplier environmental assessment
Supplier/Customer	CCH always aim to maintain strong relationship with the suppliers and customers through regular communication and feedback exercises. This is to achieve utmost satisfaction between suppliers and customers towards the company.	<ul style="list-style-type: none"> Product price and warranty Supplier environmental assessment Customer satisfaction
Local Communities	CCH is highly committed to maintain a safe and sustainable environment which benefit the local communities.	<ul style="list-style-type: none"> Local communities

Figure 4: Stakeholders' Sustainability Concerns and Value Creation

Materiality Assessment

Following last year’s inaugural sustainability report, CCH had conducted its second materiality assessment to identify the ESG topics material to the Group and its stakeholders in 2018. Similar to the previous year, the materiality assessment was conducted with the help of an external consultant and CCH will continue to involve them in the coming year.

In the process of identifying the material topics, Management applied their knowledge of their

respective business areas, the challenges faced and the corresponding implications on CCH’s business and operations. Insights gained from key stakeholders during the stakeholder engagements are also incorporated into the assessment. This allowed CCH to completely assess the effect of these topics on the economy, environment and society, as well as its influence on stakeholders.

The following key material aspects identified for FY2018:

MATERIAL ASPECTS IDENTIFIED

MATERIAL ASPECTS IDENTIFIED	ASPECT BOUNDARY ¹
GRI 201: Economic Performance	Within the organisation
GRI 308: Supplier Environmental Assessment	Within the organisation
GRI 403: Occupational Health and Safety	Within the organisation
GRI 404: Training and Education	Within the organisation

Figure 5: Material Aspects Identified

1. Aspect Boundary is a description of where the impacts occur for a material topic and the organisation’s involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI)

Material Factors – Economic And Environmental

ECONOMIC PERFORMANCE

Choo Chiang aims to expand its customer base by offering high-quality electrical products and accessories and also continue to be the leading retailer and distributor of electrical products and accessories in Singapore. CCH emphasizes on exceeding its internal targets and customer expectations which would allow CCH to grow further and attract more customers and partners.

For more information regarding the Group's financial results for the latest financial year, please refer to the following sections in CCH's 2018 Annual Report:

- Financial Highlights, page 8
- Operating and Financial Review, pages 9 to 12
- Financial Statements, pages 54 to 112

SUPPLIER ENVIRONMENTAL ASSESSMENT

The Board believes that it is essential to put in constant effort in order to develop and maintain long-lasting relationship with our suppliers. CCH strongly believes in partnering with suppliers that have minimal negative repercussions on the environment. As a part of the Company's internal controls, it is mandatory for all suppliers to go through the Group's initial screening process. The criteria of the screening process highly aligns with the common international standard of ISO (International Organisation of Standardisation) or OHSAS (Occupational Health and Safety Assessment Series). The supplier assessment is ideally reviewed and approved by the Management.

All the new suppliers are required to be assessed using the following environmental criteria:



Figure 6: Supplier's Environmental Assessment Criteria

In FY2018, the Group engaged a total of 16 new suppliers and all new suppliers were assessed through the said environmental criteria and had passed the Group's screening process. CCH is aiming to maintain 100% assessment for new suppliers in FY2019.

Material Factors – Social

OCCUPATIONAL HEALTH AND SAFETY

Being one of the leading distributors of electrical products and equipments, our operation exposes the local community to road traffic safety risks across our supply chain from purchasing of inputs to delivering of outputs. At CCH, we aim to keep the accidents at the bay and ensure our drivers return home safely at the end of each day. However, it is extremely important to mitigate these risks for the betterment of the employees as well as the Company.

CCH has established a health and safety committee that helps monitor and advise on occupational health and safety related matters. In FY2018, there are 2% of total workforce that joined the health and safety committee to monitor and improve the performance and safety standards of the workplace environment.

CCH has a longstanding policy in place which delineates its dedication to road safety. By issuing the policy, the safety vision is reinforced to the employees who further take extra care when commuting from one place to another while distributing the goods. At CCH, we support working conditions which allows the employees to focus on their work in a healthy condition, including recovery from illness

and incidents. We also log in accidents involving employees in order to support them better during their recovery phase.

This year, there was only one (1) accident case with non-serious injuries that involved the Group’s lorry driver. There were two (2) minor workplace injuries recorded in FY2018 involving store keepers.

The diagram below shows a full breakdown of CCH’s occupational health and safety statistics² for FY2018 and FY2017.

CCH strive to continue the emphasis on managing workplace health and safety and to better manage health and safety concerns of its employees. CCH will continue to update the necessary warning notice and statement around the office, warehouse and branches for safety purpose. Besides, CCH will continue to provide health and safety session internally in order to update or share the knowledge and information of health and safety to its employees.

The Group targets to continuously monitor and strive to improve the performance and safety standards of the workplace environment. For FY2019, the Group aims to achieve zero (0) reportable (lost-time) incidents.

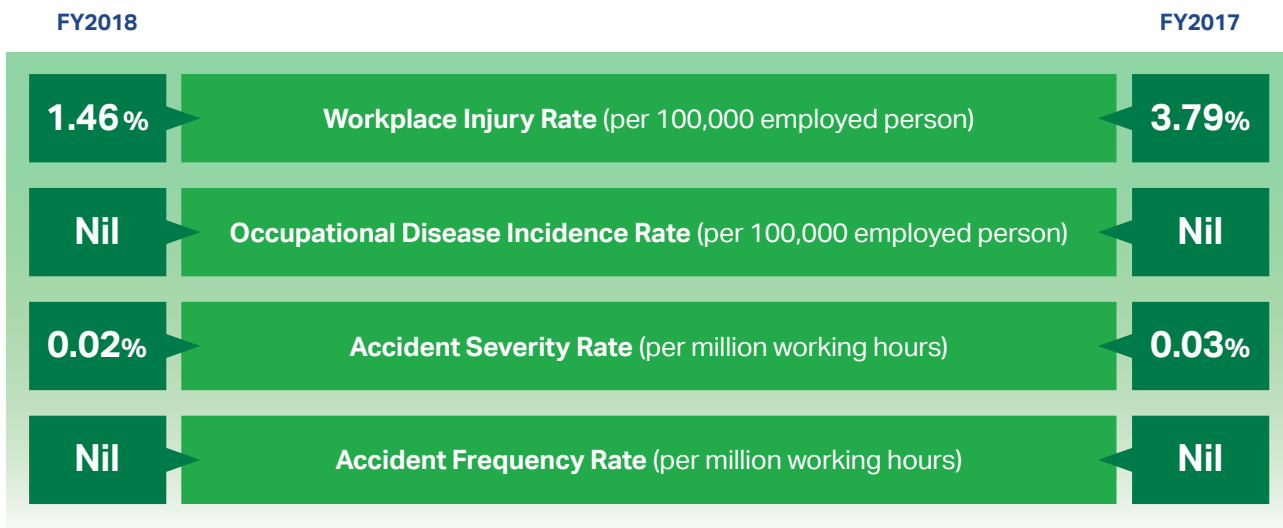


Figure 7: Occupational Health and Safety Rates for FY2018 and FY2017

2. Accident Severity Rate and Frequency Rate calculations are adopted from the WSH Institute’s Guidance on Workplace Safety and Health Reporting in Singapore. In FY2018, the Accident Frequency Rate was 0.0003 (2017: 0.0004) percent per million working hours, which close to zero percent.

TRAINING AND EDUCATION

In FY2018, we have a total of 137 full time and permanent employees, comprising 96 males and 41 females. With the aim of developing our employees, CCH strongly believes in providing all levels of employees with training since this would lead to long term success for the Company. Overall, 228 hours of training was provided to all employees, out of which, the top-management clocked in a total of 48 hours and the mid-management a total of 100 hours. CCH believes that employees should be kept informed and knowledgeable with the latest technologies, the Group's training programs for FY2018 covered various topics such as digital finance, managing cyber-ransom and updates of the latest development to the Companies Act.

Training For Directors

CCH understands the importance of training its directors and that it would add value to the Company's operations. The directors are constantly kept up to date with all the accounting and legal frameworks and developments. In FY2018, trainings such as the impact of upcoming changes to the Code of Corporate Governance and SGX Listing Rules, Upcoming Corporate PayNow Sessions and the impact of Digital Finance were carried out to ensure that the directors are updated with the latest developments and trends which will further enable them to carry out their duties more effectively.

CCH ensures that the directors are familiar with the latest development and are able to effectively carry out their duties. Every new director, goes through the mandatory training so that he/she better understands the duties to be discharged by them and their obligations towards the Company as well. In FY2018, four (4) new directors were appointed³.

Training For All Employees

Annual training sessions are carried out for all employees on various topics including digital finance transformation, personal data protection, IT training and any new update on any policy to be rolled out. All new hires go through a new employee training to familiarise them with the Company's culture and their duties and obligations towards the Company.

Internal training allows the employee to boost their skill sets in order to enhance their productivity and knowledge which further helps them to meet the strategic targets of the Company successfully. When employees are able to achieve their targets successfully, it leads to a boost in employee satisfaction, which further enhances productivity.

Figure 8 below outlines training hours achieved for FY2018 and FY2017⁴:

AVERAGE TRAINING HOURS	FY2018 (ANNUAL TRAINING)	FY2017 (ANNUAL TRAINING)	FY2017 (ANNUAL TRAINING + NEW SYSTEM TRAINING ⁴)
Male	1.31	1.62	6.13
Female	2.05	0.42	15.16
Top management	6.86	2.29	9.71
Staff	1.25	1.06	9.49
Total employees	1.51	1.27	10.91

Figure 8: Average Hours of Training for Employees

For FY2019, CCH aims to increase the average hours of training for employees by 2% in the following financial year as so as to better develop the capabilities of the employees.

3. Of the four (4) appointed directors, one director has resigned during the reporting period of FY2018.

4. In FY2017, there was a new Enterprise Resource Planning ("ERP") system (Microsoft Dynamic NAV) that had gone live in 2017 and integrate with various modules, including Sales, Purchasing, Finance and Inventories Management. Therefore, the Company has arranged for 1,272 training hours to introduce this new system to the relevant staff, who will be using this new system.

Material Factors – Governance

CORPORATE GOVERNANCE AND POLICIES

We believe that it is important for the Group to operate with integrity and we carry our operations with honesty and transparency. Creating transparency is to provide information on structures and processes, areas of responsibility and decision procedures, as well as rights and obligations of various stakeholders. For FY2018, the Company has complied with the Code of Corporate Governance 2012. On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the “**2018 Code**”) and an accompanying practice guidance. The 2018 Code supersedes and

replaces the 2012 Code and will apply to Annual Reports covering financial years commencing from 1 January 2019.

The Group will review and set out the corporate practices in place to comply with the 2018 Code, where appropriate, in the next FY2019 Annual Report. The Group will ensure full compliance of governance by having the business unit heads to regularly communicate the business ethics guidelines, rules and regulations to the employees. Details on Corporate Governance and the Group Structure can be found in the Annual Report.



GRI Content Index

GRI STANDARD 2016	DISCLOSURE TITLE	PAGE REFERENCE & REMARKS
GRI 102: GENERAL DISCLOSURE 2016		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	Pg 1
102-2	Activities, brands, products and services	Pg 1
102-3	Location of headquarters	Pg 1
102-4	Location of operations	Pg 1
102-5	Ownership and legal form	Pg 1
102-6	Markets served	Pg 1
102-7	Scale of the organisation	Pg 1
102-8	Information on employees and other workers	Pg 9
102-9	Supply Chain	2018 Annual Report: Pg 2 to Pg 3
102-10	Significant changes to organisation and its supply chain	Not applicable as there is no significant changes made to organisation and its supply chain
102-11	Precautionary principle or approach	Pg 4
102-12	External Initiatives	Pg 4
102-13	Membership of associations	Not applicable as the Group is currently not involved in any membership of associations.
STRATEGY		
102-14	Statement from senior decision-maker	Pg 2
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behaviour	Pg 4
GOVERNANCE		
102-18	Governance structure	2018 Annual Report: Pg 21 to Pg 46 Pg 10
STAKEHOLDERS' ENGAGEMENT		
102-40	List of stakeholder groups	Pg 5
102-41	Collective bargaining agreements	Not applicable as none of the Group's employees are involved in any union organisations
102-42	Identifying and selecting stakeholders	Pg 5
102-43	Approach to stakeholders' engagement	Pg 5
102-44	Key topics and concerns raised	Pg 5
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	2018 Annual Report: Pg 99 to Pg 101
102-46	Defining report content and topic boundaries	Pg 6
102-47	List of material topics	Pg 6
102-48	Restatements of information	Not applicable as there are no restatements of information to the sustainability report
102-49	Changes in reporting	Not applicable as there are no changes to reporting made to the sustainability report

GRI Content Index

(Continued)

REPORTING PRACTICE		
102-50	Reporting period	Pg 1
102-51	Date of most recent report	Sustainability Report FY2017
GRI 102: GENERAL DISCLOSURE 2016		
102-52	Reporting cycle	Pg 1
102-53	Contact point for questions regarding the report	Pg 1
102-54	Claims of reporting in accordance with the GRI Standards	Pg 1
102-55	GRI content index	Pg 11 & Pg 12
102-56	External assurance	Pg 1
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Economic Performance: Pg 7 Supplier Environmental Assessment: Pg 7 Occupational Health and Safety: Pg 8
103-2	The management approach and its components	Training and Education: Pg 9
103-3	Evaluation of the management approach	Pg 9
MATERIAL TOPICS		
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	Pg 7
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
308-1	New suppliers that were screened using environmental criteria	Pg 7
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016		
403-1	Workers representation in formal joint management-worker health and safety committees	Pg 8
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Pg 8
GRI 404: TRAINING AND EDUCATION 2016		
404-1	Average hours of training per year per employee	Pg 9
404-2	Programs for upgrading employee skills and transition assistance programs	Pg 9



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