Choo Chiang Holdings Ltd.
Sustainability Report
2017

Content

This Sustainability Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Sponsor has not independently verified the contents of this Sustainability Report.

This Sustainability Report has not been examined or approved by the Exchange and the Exchange 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 Ong Hwee Li, at 1 Robinson Road #21-00 AIA Tower Singapore 048542, Telephone: +65 6532 3829.

Board Statement

Choo Chiang Holdings Ltd. is proud to publish the sustainability report for the financial year ended 31 December 2017 ("FY2017"), which is also our inaugural sustainability report (the "Report"). The Report, prepared in accordance with GRI Standards, 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.

Environment

Reducing the impact we have on the environment has been an important part of the way we have run our business for many years. We have proven that this approach brings lasting, mutual benefits to our business and the world in which we all live. During the year, we worked with waste contractors on our long-term no-waste ambition. Besides reducing the impact on the natural environment through methods of waste management, and recycling disposable items such as copper and paper, we also raised employee awareness on critical issues in sustainable development through relevant initiatives.

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.

People

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

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.

For and on behalf of Board of Directors of Choo Chiang Holdings Ltd.

About Us

Choo Chiang Holdings Ltd. ("Choo Chiang", "CCH" or the "Company" and together with its subsidiaries, the "Group") is one of the leading retailers and distributors of electrical products and accessories in Singapore with a retail presence of more than 20 years. We offer an extensive range of electrical products and accessories for residential and industrial use at our 10 strategically located retail branches in Singapore. Our retail outlets are supported by a team of service oriented sales employees and a fleet of delivery vehicles. In addition to this Distribution Business, we also hold 12 investment properties which are rented out for rental income. The Group was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 29 July 2015 (stock code 42E).

The Company 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. We welcome stakeholders to submit any feedback or suggestion to ccm@ccm.sg.

Sustainability Management Structure

```
                    ┌─────────────────────┐
                    │  Board of Directors │
                    └──────────┬──────────┘
                               │
                    ┌──────────┴──────────┐
                    │ Sustainability Council │
                    └──────────┬──────────┘
        ┌──────────┬───────────┼───────────┬──────────┐
   ┌─────────┐ ┌─────────┐ ┌─────────┐ ┌─────────┐ ┌─────────┐
   │ Finance │ │  Human  │ │  Sales  │ │Purchasing│ │ Property│
   │         │ │resources│ │         │ │          │ │         │
   └─────────┘ └─────────┘ └─────────┘ └─────────┘ └─────────┘
```

Sustainability Council

The Sustainability Council ("SC") consists of 2 Executive Directors and 5 Executive Officers. They lead the way as we continue our journey in strengthening our sustainability practices. The SC's duties include:

- advising the board of directors ("Board") and recommending business strategies in the area of sustainability;

- providing recommendations to the Board relating to the adoption, implementation and monitoring of sustainability-related policies;

- engaging the Board for approval of sustainability initiatives;

- monitoring the implementation of Board-approved sustainability strategies;

- overseeing stakeholder engagement and management, including ensuring grievance-handling mechanisms are in place;

- overall management and prioritisation of sustainability matters; and

- overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending to the Board for approval.

Sustainability Working Group

We also aim to help stakeholders to understand how sustainability issues may impact the business, hence the sustainability working group ("SWG") is formed by 5 Heads of Departments. The SWG is also responsible for:

- coordinating and communicating the sustainability information;

- sharing and promoting best practices within the market and industry;

- to engage with stakeholders on environmental issues and regulation affecting the current business;

- provide the necessary coordination, responding to authority, and consultations on sustainability related matters;

- supporting the Company on liaison with Government departments, regulators with regards to sustainability reporting;

- recommending adequate resource allocations that support policies, programmes, and practice in a holistic manner;

- identifying employee needs and priorities that can be addressed in the workplace and adopt integrated comprehensive approaches to address the issues; and

- setting goals and objectives for policies, programmes and practices.

Sustainability Reporting

In 2016, the SGX-ST introduced sustainability reporting on a "comply or explain" basis for all SGX-listed companies. Sustainability reporting will become effective for the Company from FY2017.

The Report is 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 CCH in its preparation of the Report.

Our approach to sustainability

CCH's sustainability approach remains focused on value creation for all our 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 staff 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, programmes 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 integrating 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 formalised surveys. The sustainability concerns from the various stakeholders were then consolidated and prioritised into a materiality matrix. Refer to the stakeholder engagement table and materiality matrix further below for more information.

External charters 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. These include but are not limited to:

- 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 2012; and

- other policies and procedures adopted by CCH, which can be found in CCH's website under the corporate governance section at http://ccm.sg/www/corporate-governance.html.

Accordingly, we have developed and adopted a range of corporate policies and internal controls that support the Board and Management. These policies and controls cover matters such as personal data protection, conflicts of interest, business continuity, insider dealing, and enterprise risk management.

Stakeholders' Sustainability Concerns

Our stakeholders are highly diverse, reflecting the breadth of our footprint within local reach of a global market.

We have identified our main stakeholders' 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, we have narrowed down six main stakeholder groups. Understanding their key sustainability concerns is essential in building a sustainable business.

Stakeholder Engagement Table:

Investors & Shareholders

Means of engagement

Annual General Meeting

Sustainability Concerns

- Higher financial returns
- Property Management & market trend of commercial real estates

Government / Regulator / Authority

Means of engagement

Surveys/ Electronic communications **/** Annual return

Sustainability Concerns

- High standards of corporate governance
- Regulatory compliance

Employees

Means of engagement

Performance Plan Evaluation

Sustainability Concerns

- Competency development
- Performance management
- Fair employment practice & market presence
- Workplace safety

Media / Public Relation

Means of engagement

Public conferences and events/ Press releases/ Publications

Sustainability Concerns

- Relevant company and industry announcements
- Quality press releases

Supplier/ Customer

Means of engagement

Electronic communications / Surveys/ Customer Feedback Management

Sustainability Concerns

- Supplier Screening
- Order lead time
- Market presence
- Security of properties
- Customer service and quality of products

Local Communities

Means of engagement

Electronic communications

Sustainability Concerns

- Road traffic safety
- Water conservation
- Waste management

Selected Materiality Factors

For the purpose of this Report, we completed a materiality assessment to define key aspects and indicators. Led by the Management, this assessment involved all levels of our identified key stakeholders and was guided by an external sustainability consultant. The key stakeholders of CCH were engaged via various platforms including formalised surveys. The sustainability concerns from the various channels were then consolidated and prioritised into a materiality matrix post consultation with the SC as shown in the matrix below:

Materiality Matrix

Importance to External Environment

Supplier Assessment

Training and Education

Road Traffic Safety

Importance to Internal Environment

Selected materiality factors (continued)

Materiality factors

Number	Material Aspects	List of Indicators	Why has it been material?	What are we doing to address this?
1	Training and Education	Average hours of training per year per employee by gender, and by employee category	The Company believes it is our people who make us competitive and enhancement to our employees' skills is essential. CCH has a variety of training for employees, from ISO course to engaging auditor for IFRS update. The goal of this training is to help the appointees adapt to changes internally and externally, by boosting their knowledge about new standards, industry update, and internal affairs. The training attendance list has been built based on the job requirement and future development of each employee.	The Company designs and plans the training courses ahead in the year to address the job requirement and future development of employees. The Company keeps track of the training attendance list for administration and sustainability purposes.
2	Supplier Assessment	New suppliers that were screened using environmental criteria	We believe in the importance of ensuring appropriate sustainability measures are in place across our valued suppliers. This includes appropriate risk management procedures for outsourcing and procurement. We want to emphasis, not only the quality of supplier, but also the environments initiatives within the supplier. Ultimately, we share the view of preventing and mitigating negative environmental impacts from our supply chain.	We have rolled out a supplier assessment procedure, in which we only do business with qualified suppliers. The assessment includes obtaining the suppliers' certification, such as ISO.
3	Road Traffic Safety	Operations with significant actual and potential negative impacts on local communities	We take responsibility for the road traffic safety of our employees and other road traffic users, doing everything in our ability to safeguard our employees and other road traffic users against accidents. Furthermore, we focus our efforts on helping our employees to continuously improve temporary or long-term safety. We deeply care about our employees and other road traffic users' safety on the road, because we know the significant damage due to road traffic accidents.	We have issued the safe driving policy and educated our employees of the same. The Company also keeps track of the accident statistics, which cover occupational accidents and the lost work days caused by them.

Target Setting

We are in the process of gathering and measuring performance data to form a trend for the purpose of setting targets on the material factors as described above. Accordingly, the process of target setting is deferred till a time when adequate data is available to set realistic targets.

Training and Workplace Diversity

At Choo Chiang, we aim to be the employer of choice for people who wish to flourish in a diverse environment with open communication. As a responsible and inclusive employer, we focus on the professional development and well-being of all our employees, with respect and value for their diversity. Besides encouraging our employees, we also invested strategically in various employee training programs in new technology during FY2017, including launching internal training programs which offer opportunities for progression mobility in the organization. All employees are constantly encouraged to look at how they can integrate safety and regular communication sharing sessions into everyday ways of working.

Training for Directors

The Company recognizes the importance of appropriate training for its Directors. Directors are constantly kept abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in seminars and workshops. The training of Directors will be arranged and funded by the Company. Please also refer to Company's annual report for FY2017, the Principle 4 under Corporate Governance Report regarding the NC's plan for the Directors' training and professional development programs.

The Board ensures that incoming new Directors are familiarized with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. The Company will also provide training for first-time Directors. Each of the Directors, upon their appointment, has furnished a letter stating that they are aware and have been informed of their duties and obligations as Directors. A formal letter will be sent to newly appointed Directors upon their appointment explaining, among other things, their roles, duties and responsibilities as members of the Board. During FY2017, there were no new directors appointed to the Board.

Training and workplace diversity (continued)

Briefing and updates provided to the Directors for FY2017 included:

a) briefing by the Company's external auditors, Deloitte & Touche LLP, on the key developments in financial reporting and governance standards at the half-yearly meetings;

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

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

Training for staff

At Choo Chiang, Management conducts annual training for staff on various topics with multiple purposes:

- An update on new internal policy is going to be effected
- Technical training on accounting, reporting and taxation
- New staff training
- IT related training

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 working on this new system.

The internal training for the upgrading of employee skills allows an organization to plan skills acquisition that equips employees to meet the Company's strategic targets in a changing work environment. More skilled employees will enhance the organization's human capital and contribute to employee satisfaction, which correlates strongly with their improved performance.
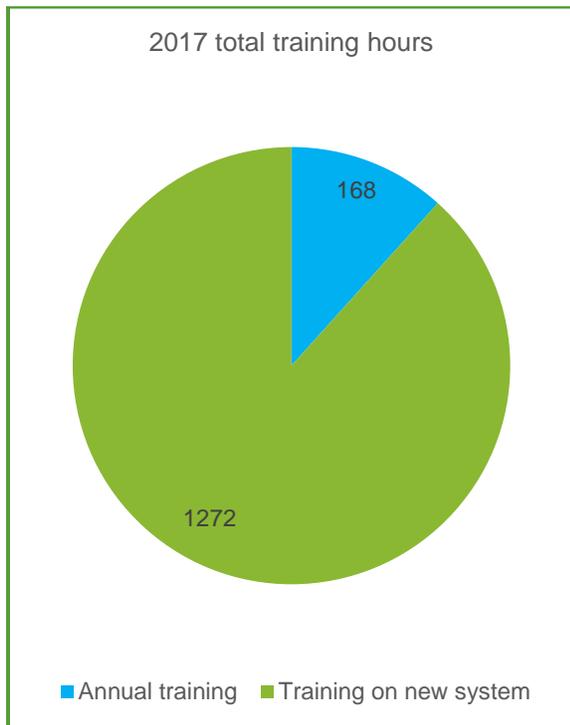
Some trainings require attendance from the Sustainability Council.

Training programmes conducted in FY2017 have been built based on the job requirement of our employees. Choo Chiang plans the agenda of trainings that suits the business requirement and also records the training hours for all levels of staff, whilst the details of the training in 2017 are set out in the following page.

Training and Workplace Diversity (continued)

Training in 2017

2017 total training hours

- 168 (Annual training)
- 1272 (Training on new system)

■ Annual training   ■ Training on new system

Average hours of training that the organization's employees have undertaken during the reporting period:

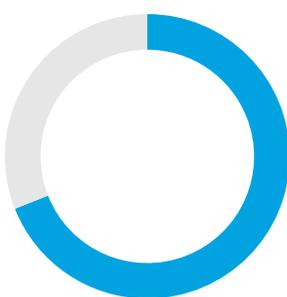For **female** employees **15.16** training hours per annum

For **male** employees: **6.13** training hours per annum

Average hours of training that the organization's employees have undertaken during the reporting period:

For **Management** : **9.71** training hours per annum

For staff : **9.49** training hours per annum

Percentage of male and female employees in 2016 and 2017

2016

■ Male   ■ Female

2017

■ Male   ■ Female

100%

of employees received a regular performance and career development review during FY2017.

Supplier Assessment

The Board recognizes the importance of developing and maintaining relationships with suppliers. As part of the Company's internal control, it is a requirement to conduct an initial screening for all new suppliers.

With the purpose of preventing and mitigating negative environmental impacts in its supply chain, Choo Chiang has assessed these criteria align with common international standard of ISO (International Organization for Standardization) or OHSAS (Occupational Health and Safety Assessment Series).

100%

new suppliers in 2017 were screened using environmental criteria

The supplier assessment will be reviewed and approved by Management.

Choo Chiang is benchmarking the suppliers' assessment with the standards of either

- QMS - ISO 9001;
- H&S - OHSAS 18001;
- EMS - ISO 14001 or equivalent; or
- Other current standards.

Occupational Health and Safety - Road Traffic Safety

As one of the leading retailers and distributors of electrical products and accessories in Singapore, our operation exposes the local community to road traffic safety risks across our supply chain from purchasing of inputs to delivering of outputs. Our goal is for drivers to return home safely at the end of each day. We emphasize the importance of keeping a safety mindset while driving for work, and also during our commutes and when we are out enjoying time with family and friends. Our commitment to road safety education extends throughout our Group, with additional, community-based initiatives in countries where we do business.

We have a long-standing commitment to road safety. By issuing the road safety policy, we formalize our safety vision with our employees. Furthermore, we support working conditions that allow each employee to fully concentrate on his or her work in a healthy condition, including recovery from illness or incidents. We also log accidents involving employees as we believe we can support them better during their recovery phase.

There was only one accident case was reported during the year which involved a lorry driver, out of 18 operating vehicles and 17 employed drivers. The accident did not result in any serious injuries.

Other disclosures

Economic performance

For FY2017, the Company recorded a revenue of SGD62.1 million (FY2016: SGD63.9 million) and profit before tax of SGD5.7 million (FY2016: SGD6.3 million). Earnings per share was SGD2.37 cents (FY2016: SGD2.58 cents).

Further details on our economic value and employee benefit plan can be found throughout the Annual Report.

During the year, no significant financial assistance was received from governments and the Company has no governmental shareholders. In particular circumstances, we had received Special Employment Credit and Temporary Employment Credit from local governments. Additionally, the Company has also been credited by the tax authority for the Productivity and Innovation Credit Scheme in FY2017.

Governance structure

The important thing is to operate with integrity and we carry our operation 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. Details on Corporate Governance and the Group Structure can be found in the Annual Report.

GRI Content Index

GRI Number	Disclosure Title	Cross-Referenced Sections
102-1	Name of the organization	About us
102-2	Activities, brands, products, and services	About us
102-3	Location of headquarters	About us
102-4	Location of operations	About us
102-5	Ownership and legal form	About us
102-6	Markets served	About us
102-7	Scale of the organization	About us
102-8	Information on employees and other workers	Annual report
102-9	Supply chain	Annual report
102-10	Significant changes to the organization and its supply chain	Annual report
102-11	Precautionary Principle or approach	Not applicable
102-12	External initiatives	Engagement Stakeholders' Sustainability Concerns
102-13	Membership of associations	Annual report
102-14	Statement from senior decision-maker	Board Statement
102-15	Key impacts, risks and opportunities	Annual report
102-16	Values, principles, standards, and norms of behavior	Board Statement
102-17	Mechanisms for advice and concerns about ethics	Annual report
102-18	Governance structure	Other disclosure
102-19	Delegating authority	Annual report
102-20	Executive-level responsibility for economic, environmental, and social topics	Board Statement
102-22	Composition of the highest governance body and its committees	Annual report
102-23	Chair of the highest governance body	Annual report
102-24	Nominating and selecting the highest governance body	Annual report
102-25	Conflicts of interest	Annual report
102-26	Role of highest governance body in setting purpose, values, and strategy	Annual report
102-27	Collective knowledge of highest governance body	Annual report
102-28	Evaluating the highest governance body's performance	Annual report
102-29	Identifying and managing economic, environmental, and social impacts	Annual report

GRI Content Index (continued)

GRI Number	Disclosure Title	Cross-Referenced Sections
102-30	Effectiveness of risk management processes	Annual report
102-31	Review of economic, environmental, and social topics	Annual report
102-32	Highest governance body's role in sustainability reporting	Annual report
102-33	Communicating critical concerns	Annual report
102-34	Nature and total number of critical concerns	Annual report
102-35	Remuneration policies	Annual report
102-36	Process for determining remuneration	Annual report
102-40	List of stakeholder groups	Stakeholders' Sustainability Concerns
102-42	Identifying and selecting stakeholders	Stakeholders' Sustainability Concerns
102-43	Approach to stakeholder engagement	Stakeholders' Sustainability Concerns
102-44	Key topics and concerns raised	Selected material factor
102-45	Entities included in the consolidated financial statements	Annual report
102-50	Reporting period	Sustainability Reporting
102-51	Date of most recent report	Sustainability Reporting
102-52	Reporting cycle	Sustainability Reporting
102-53	Contact point for questions regarding the report	Sustainability Reporting
102-54	Claims of reporting in accordance with the GRI Standards	About Sustainability Reporting
102-55	GRI content index	GRI content index
201-1	Direct economic value generated and distributed	Other disclosures
201-3	Defined benefit plan obligations and other retirement plans	Other disclosures
201-4	Financial assistance received from government	Other disclosures
308-1	New suppliers that were screened using environmental criteria	Supplier Assessment
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Road Traffic Safety
404-1	Average hours of training per year per employee	Training and workplace diversity
404-2	Programs for upgrading employee skills and transition assistance programs	Training and workplace diversity
404-3	Percentage of employees receiving regular performance and career development reviews	Training and workplace diversity