CHOO CHIANG

CREATING
SUSTAINED VALUE

ANNUAL REPORT 2021

ABOUT US

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

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

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BUSINESS OVERVIEW

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

DISTRIBUTION BUSINESS

20

YEARS

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

10

RETAIL BRANCHES

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

30

3RD PARTY BRANDS

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

18

DELIVERY VEHICLES

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

DISTRIBUTION BUSINESS

DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS

hager, legrand, Honeywell MK, Schneider Electric, FYM, Cm, CRM, Holdkey, SIGMA CABLE, LITAFLEX, Greenland PLASTICS, SAMCOM, PHILIPS, ABB, mistral The Cool Life Specialist, BOSCH, KDK SINCE 1909 JAPAN, KEYSTONE CABLE

and more...

PROPERTY INVESTMENTS

12 INVESTMENT PROPERTIES

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

4 PROPERTIES

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

PRODUCTS

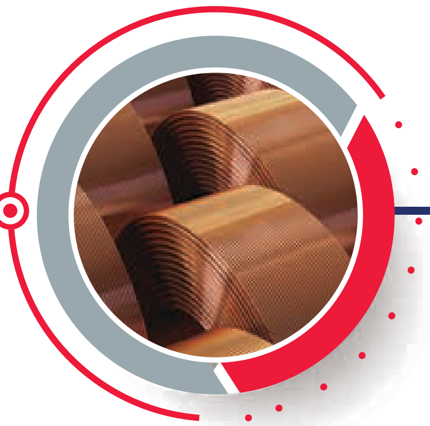
Choo Chiang provides efficient one-stop shop service to our customers by offering an extensive range of electrical products and accessories from established brands.

8 MAIN PRODUCT CATEGORIES FROM OVER 30 KEY BRANDS

Cables

Electrical Wiring Accessories

Electrical Circuit Protection & Wiring Devices



Lightning Protection

Cable Support System

Power tools & Hardware

Fans

Luminaires, Lamps and Accessories

CHAIRMAN'S STATEMENT

"Despite the many challenges that surfaced, the Group was able to adapt and adjust more nimbly during the year, which resulted in gaining valuable experience by improving our efficiencies and processes to suit the evolving environment."

Dear Shareholders,

I am pleased to present to you our Annual Report for 2021. The financial year ended 31 December 2021 ("**FY2021**") continued to be dominated by the COVID-19 pandemic, which saw the emergence of a more transmissible new Omicron variant. There were several shifts in the implementation of safe management measures and border control restrictions by the Singapore government, as we strive to move towards endemic living.

Despite the many challenges that surfaced, the Group was able to adapt and adjust more nimbly during the year, having gained experience in modifying our processes to suit the evolving environment.

As the economy resumed its pace, we managed to benefit from the pent-up demand of the construction sector, as our selling prices were further boosted by the situation where prevailing demand outstripped available supply. Rental demand for our investment properties also picked up along with the return of business activities.

As such, the Group delivered total revenue increase of 50.6% that resulted in profit before income tax surging by 185.5% to stand at $10,394,000 in FY2021.

Performance Highlight

The Group is mainly based in Singapore with its business operation being divided into two main divisions, which are the Distribution Business segment and the Property Investment segment. The Distribution Business segment is responsible for driving sales and retail of electrical products and accessories, while the Property Investment segment manages the Group's investment properties for a stream of rental income. As testament to the strong fundamentals of our business segments, we are proud to stand among the top 100 under the Brand Finance Singapore ranking.

During the year, total revenue surged 50.6%, from $52,711,000 for FY2020 to $79,375,000 mainly due to higher revenue contribution from the Distribution Business segment.

As a result, cost of sales also rose proportionally by 49.7% to $55,790,000 against $37,261,000 in the previous year. Consequently, gross profit soared by 52.7% to $23,585,000 in FY2021, while gross profit margin stabilised with a marginal increase from 29.3% in FY2020 to 29.7% in FY2021.

Separately, there was a decline in government grant, such as Jobs Support Scheme ("**JSS**"), foreign worker levy rebates and property tax rebates resulting in a sharp decline of 69.9% in our other operating income. Nevertheless, this was offset by a significant decrease in impairment loss of property, plant and equipment and investment properties, resulting in lower operating expenses of $1,711,000 in FY2021. As a result, the Group's profit before income tax surged almost two-fold by 185.5% to $10,394,000 during the year.

On behalf of the Board of Directors, I am pleased to announce a final dividend of 1.3 Singapore cents per share, subjected to shareholders' approval at the upcoming annual general meeting ("AGM") to be held on 27 April 2022 at 11.00 a.m.. Taking into consideration the interim dividend of 0.7 Singapore cents per share paid on 7 September 2021, the total dividend declared by the Group for FY2021 is 2.0 Singapore cents per share.

Distribution Business Segment

During the year, the Group's Distribution Business segment reported a 51.0% growth in revenue to gain by $26,628,000 to stand at $78,876,000 as compared to $52,248,000 in FY2020. This was mainly attributed to the rebound from a low base in the same period last year when the Singapore government implemented Circuit Breaker measures that suspended most of the construction works for more than 2 months, resulting in lower demand for electrical products and accessories.

Additionally, there was also an uptick in the selling prices for certain electrical products and accessories in FY2021, thereby boosting the revenue of this segment.

In line with the segmental revenue increase, cost of sales rose by $18,502,000 or 50.2%, from $36,859,000 in the previous year to $55,361,000 in FY2021. Meanwhile, gross profit margin gained marginally by 0.3% from about 29.5% in the previous year to 29.8% in FY2021.

Property Investment Segment

The Group's investment portfolio is made up of industrial and commercial properties located in Singapore. Rental income from the Property Investment segment climbed by 7.8% or $36,000 from $463,000 in FY2020 to $499,000 in FY2021 as a consequence of three (3) units of investment properties being vacant for a couple of months during the reporting year but were fully leased out by FY2021.

As a result of an increase in revenue, cost of sales was higher by $27,000 or 6.7%, from $402,000 in FY2020 to $429,000 in the year under review. Concurrently, gross profit margin of the segment also hiked marginally by 0.8% from 13.2% in FY2020 to 14.0% in FY2021.

Business Prospects

With the emergence of the more transmissible COVID-19 Omicron variant, there is a new wave of infection spreading across the globe. The revived outbreak of COVID-19 has affected the global economy, including Singapore. Where Singapore is concerned, our high vaccination rate and even booster shots have paid off, as our death rate remains low despite an increasing number of infections. Singapore's economy maintained at a relatively stable state, although the current situation is fluid and evolving.

In line with the local pandemic development, customer demand and sales for FY2021 continued to trend towards normalisation. However, given the fluctuating global economic environment, we are closely monitoring the progress and impact of the COVID-19 situation alongside the Ukraine crisis.

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

At the product front, the Group intends to consolidate and strengthen its market position in Singapore through providing an expanded range of product offerings that will be marketed under the "CCM" and "CRM" brands.

In view of the above, we will continue to invest resources into enhancing our services and solutions, while seeking synergistic business opportunities to uplift our earnings.

In Appreciation

On behalf of the Board, I would like to express my appreciation for the staff and the management of the Group who have been a powerful pillar of support in these challenging times. We are deeply focused on growing our talents as we believe they are the linchpin of our business. I am pleased that we have great camaraderie that has helped us deliver unparalleled services to our customers, who have kept their faith in us over the years. I would also like to thank our valued business associates and suppliers for their firm collaboration and staunch commitment towards our partnership.

Last but not least, we are deeply grateful to our shareholders who have continued to walk this journey with us, despite the many uncertainties that have emerged. We believe that we can forge ahead stronger to overcome headwinds and achieve greater success in the near future.

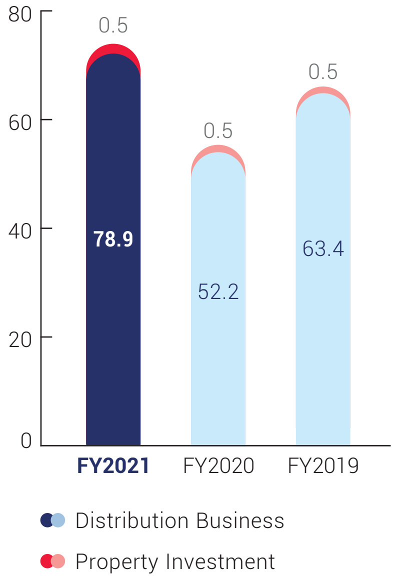
Yours sincerely,

Thomas Lim
Executive Chairman and CEO

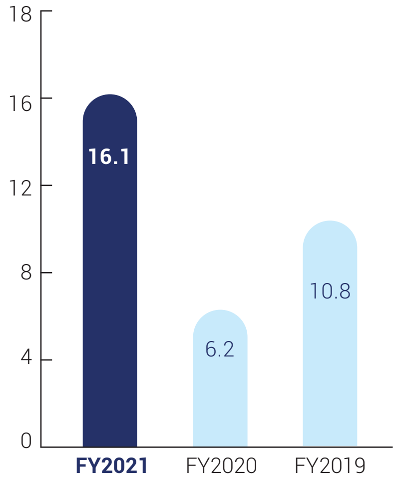
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER

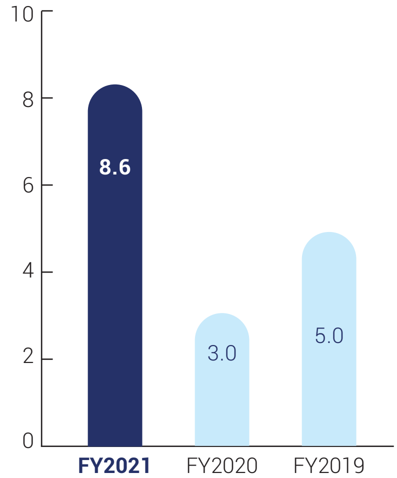
Revenue (S$'m)



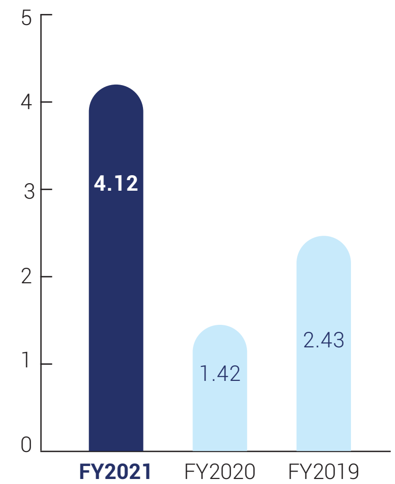
Return on Equity[1] (%)



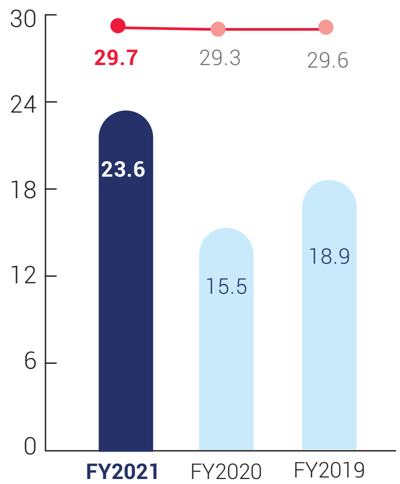
Net Profit (S$'m)



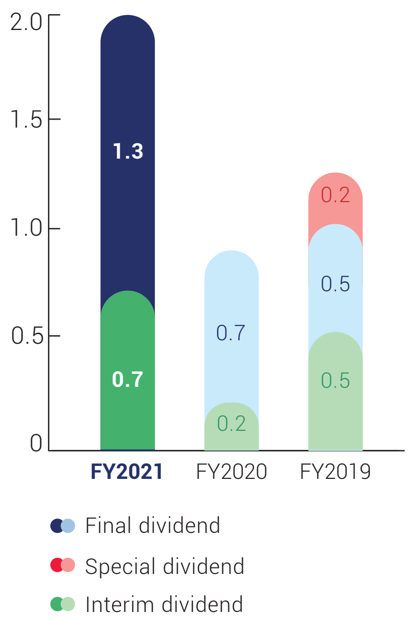
Earnings Per Share (Cents)



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



Dividend Per Ordinary Share (Cents)



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

OPERATING & FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Income Statement	The Group Year ended 31 December		Increase (Decrease)
	2021 S$'000	2020 S$'000	%
Revenue	**79,375**	**52,711**	**50.6**
Cost of sales	(55,790)	(37,261)	49.7
Gross profit	**23,585**	**15,450**	**52.7**
Other operating income	445	1,479	(69.9)
Administrative and selling expenses	(11,817)	(10,647)	11.0
Other operating expenses	(1,711)	(2,525)	(32.2)
Finance costs	(108)	(117)	(7.7)
Profit before income tax	**10,394**	**3,640**	**185.5**
Income tax expense	(1,826)	(684)	167.0
Profit for the year, representing total comprehensive income for the year attributable to owners of the Company	**8,568**	**2,956**	**189.9**

REVIEW OF FINANCIAL PERFORMANCE

Revenue

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

Total revenue increased by $26,664,000 or 50.6%, from $52,711,000 for the financial year ended 31 December 2020 ("**FY2020**") to $79,375,000 for the financial year ended 31 December 2021 ("**FY2021**"), mainly due to an increase in the revenue from the Distribution Business segment.

Distribution Business

Revenue from Distribution Business segment increased by $26,628,000 or 51.0%, from $52,248,000 in FY2020 to $78,876,000 in FY2021. The increase was mainly due to the recovery of construction sector from the Coronavirus ("**COVID-19**"). In FY2020, the Singapore government had implemented Circuit Breaker measures which caused the suspension of most of the construction works for more than 2 months and resulted in lower demand for electrical products and accessories. In addition, the increase is due to the upward adjustment of selling prices for certain electrical products and accessories in FY2021.

Property Investment

Rental income from the Property Investment segment increased by $36,000 or 7.8%, from $463,000 in FY2020 to $499,000 in FY2021 mainly due to three (3) units of investment properties being vacant for a couple of months in FY2020. The said properties were fully leased out in FY2021.

Cost of sales

Cost of sales increased by $18,529,000 or 49.7%, from $37,261,000 in FY2020 to $55,790,000 in FY2021, which is in line with the increase in revenue.

Distribution Business

Cost of sales of the Distribution Business segment increased by $18,502,000 or 50.2%, from $36,859,000 in FY2020 to $55,361,000 in FY2021, which is generally in line with the increase in revenue for this segment.

Property Investment

Cost of sales of the Property Investment segment increased by $27,000 or 6.7%, from $402,000 in FY2020 to $429,000 in FY2021, which is generally in line with the increase in revenue for this segment.

OPERATING & FINANCIAL REVIEW

Gross profit and gross profit margin

Gross profit increased by $8,135,000 or 52.7% from $15,450,000 in FY2020 to $23,585,000 in FY2021. Gross profit margin has been stable and there was a marginal increase from 29.3% in FY2020 to 29.7% in FY2021.

The gross profit margin of the Distribution Business segment increased marginally by 0.3% from approximately 29.5% in FY2020 to 29.8% in FY2021.

The gross profit margin of the Property Investment segment increased marginally by 0.8% from 13.2% in FY2020 to 14.0% in FY2021.

Other operating income

Other operating income decreased by $1,034,000 or 69.9%, from $1,479,000 in FY2020 to $445,000 in FY2021. The decrease in other operating income was mainly due to decrease in (i) government grant, such as JSS payouts, foreign worker levy rebates and property tax rebates; and (ii) interest income. These decreases were partially offset by the increase in dividend income from financial assets at fair value through profit or loss ("**FVTPL**").

Administrative and selling expenses

Administrative and selling expenses increased by $1,170,000 or 11.0%, from $10,647,000 in FY2020 to $11,817,000 in FY2021. The increase in administrative and selling expenses was mainly due to an increase in (i) staff cost and staff welfare; (ii) marketing expenses; and (iii) upkeep of motor vehicles expenses.

Other operating expenses

Other operating expenses decreased by $814,000 or 32.2%, from $2,525,000 in FY2020 to $1,711,000 in FY2021, mainly due to the decrease in (i) impairment loss of property, plant and equipment and investment properties; and (ii) depreciation in property, plant and equipment. These decreases were partially offset by the increase in (i) bank charges; (ii) fair value loss on financial assets at FVTPL; and (iii) loss on disposal of financial assets at FVTPL.

Finance costs

Finance costs decreased marginally from $117,000 in FY2020 to $108,000 in FY2021.

Profit before income tax

As a result of the reasons mentioned above, the Group's profit before income tax increased by $6,754,000 or 185.5% from $3,640,000 in FY2020 to $10,394,000 in FY2021.

Current assets

Current assets increased by $8,665,000 from $38,021,000 as at 31 December 2020 to $46,686,000 as at 31 December 2021. The increase in current assets were mainly due to an increase in cash and bank balances of $6,868,000, inventories of $1,843,000, trade receivables of $529,000 and other receivables and prepayments of $240,000. These increases were offset by the decrease in investment in financial assets at FVTPL of $815,000 arising from fair value loss and loss on disposal.

Non-current assets

Non-current assets decreased by $847,000 from $23,797,000 as at 31 December 2020 to $22,950,000 as at 31 December 2021. The decrease in non-current assets were mainly due to the decrease of property, plant and equipment of $521,000, investment properties of $331,000 and club membership of $19,000. These decreases were partially offset by the increase in right-of-use assets of $24,000.

Current liabilities

Current liabilities increased by $2,165,000 from $11,099,000 as at 31 December 2020 to $13,264,000 as at 31 December 2021. The increase in current liabilities were mainly due to an increase in other payables and accruals of $922,000, provision for taxation of $957,000, trade payables of $159,000 and contract liabilities of $160,000. The increases were partially offset by the decrease of current portion of lease liabilities of $33,000.

FINANCIAL POSITION

Statement of Financial Position	The Group As at 31 December		Increase (Decrease) %
	2021 S$'000	2020 S$'000	
ASSETS			
Current assets			
Cash and cash equivalents	20,394	13,526	50.8
Trade receivables	5,283	4,754	11.1
Other receivables and prepayments	795	555	43.2
Financial assets at fair value through profit or loss	1,303	2,118	(38.5)
Inventories	18,911	17,068	10.8
Total current assets	**46,686**	**38,021**	22.8
Non-current assets			
Property, plant and equipment	7,129	7,650	(6.8)
Right-of-use assets	2,789	2,765	0.9
Investment properties	12,865	13,196	(2.5)
Club membership	167	186	(10.2)
Total non-current assets	**22,950**	**23,797**	(3.6)
Total assets	**69,636**	**61,818**	12.6
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	8,162	8,003	2.0
Other payables and accruals	2,613	1,691	54.5
Contract liabilities	160	–	N.M.
Lease liabilities	476	509	(6.5)
Income tax payable	1,853	896	106.8
Total current liabilities	**13,264**	**11,099**	19.5
Non-current liabilities			
Lease liabilities	2,908	2,829	2.8
Deferred tax liability	131	184	(28.8)
Total non-current liabilities	**3,039**	**3,013**	0.9
Total liabilities	**16,303**	**14,112**	15.5
Total equity	**53,333**	**47,706**	11.8
Total liabilities and equity	**69,636**	**61,818**	12.6

N.M. : Not meaningful

OPERATING & FINANCIAL REVIEW

Non-current liabilities

Non-current liabilities increased by $26,000 from $3,013,000 as at 31 December 2020 to $3,039,000 as at 31 December 2021. The increase in non-current liabilities is mainly due to an increase in the non-current portion of lease liabilities of $79,000. The increase is offset by the decrease in deferred tax liability of $53,000.

Net cash generated from operating activities

In FY2021, the Group generated net cash inflow from operating activities of approximately $9,732,000, which was a result of operating cash flows before changes in working capital of approximately $11,949,000, net working capital outflows of approximately $1,318,000, income tax paid of approximately $922,000 and interest received of approximately $23,000.

Net cash used in investing activities

In FY2021, the Group's net cash inflow for investing activities amounted to approximately $753,000, mainly due to (i) proceeds from disposal of financial assets at FVTPL of $1,940,000 and (ii) dividend income from financial assets at FVTPL of $73,000. These were offset by (i) purchases of financial assets at FVTPL of $1,220,000; and (ii) purchases of property, plant and equipment of $40,000.

Net cash used in financing activities

In FY2021, the Group's net cash outflow for financing activities amounted to approximately $3,617,000, mainly due to (i) dividends payment of $2,910,000; (ii) lease liabilities and interest payments of $676,000; and (iii) purchase of treasury shares of $31,000.

DIVIDEND

The Company had, on 7 September 2021, paid an interim dividend of 0.70 Singapore cents. Together with the proposed final cash dividend of 1.30 Singapore cents, the total dividends declared for FY2021 would amount to approximately $4.155 million (FY2020: $1.871 million), representing approximately 48.49% (FY2020: 63.3%) of the Group's consolidated net profits attributable to shareholders in FY2021.

CASH FLOW

Statement of cash flow	The Group Year ended 31 December	
	2021 S$'000	2020 S$'000
Net cash generated from operating activities	9,732	2,821
Net cash from/(used in) investing activities	753	(2,127)
Net cash used in financing activities	(3,617)	(2,557)
Cash and cash equivalents at end of the year	20,394	13,526

GROUP STRUCTURE

100%
Choo Chiang Cable Support System Sdn. Bhd.

100%
Choo Chiang Properties Pte. Ltd.

CHOO CHIANG HOLDING LTD.

100%
Choo Chiang Marketing Pte. Ltd.

BOARD OF DIRECTORS

Thomas Lim **Executive Chairman and CEO** Date of Appointment: 5 September 2014

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

Rocky Lim **Executive Director** Date of Appointment: 5 September 2014

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

Lim Teck Chai, Danny **Lead Independent Director**

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

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

Date of Appointment:
20 August 2018

Sho Kian Hin, Eric **Independent Director**

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

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

Date of Appointment:
13 November 2018

Tan Soon Liang **Independent Director**

Mr. Tan Soon Liang is our Independent Director and was appointed to our Board on 20 August 2018. Mr. Tan is the Founder and Managing Director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since May 2009. He is also currently the Managing Director of Omnibridge Capital Pte. Ltd. since December 2014, which focuses on early stage angel and venture capital investments in start-ups and fast-growing companies in Asia. Prior to this, he was Head of Business Advisory with BDO Raffles Advisory Pte Ltd since April 2006 and responsible for origination and execution of Pre-IPO, Mergers and Acquisitions and growth advisory mandates.

Mr. Tan currently serves as an Independent Director of ISDN Holdings Limited, which is dual-listed on Main Board of the SGX-ST and SEHK as well as Clearbridge Health Limited, GDS Global Limited and Colex Holdings Limited which are listed on Catalist Board of the SGX-ST. He also served as an Independent Director of ValueMax Group Limited listed on Main Board of the SGX-ST. Mr Tan is also a Director of Spectra Secondary School since January 2022 and serves as a VP (Corporate Engagement and Careers) of Nanyang Technological University, Nanyang Business School Alumni Association Executive Committee since October 2021.

Mr. Tan holds a Bachelor of Business (Honours) Degree, majoring in Financial Analysis, from Nanyang Technological University which he obtained in July 1997 and a Master of Business Administration Degree from the University of Hull, United Kingdom in February 2001. Mr. Tan is also a CFA charterholder since September 2000 as well as a member of the Singapore Institute of Directors since March 2022.

Date of Appointment:
20 August 2018

KEY MANAGEMENT

Morland Fu Chief Financial Officer and Company Secretary

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

Wilson Foo Chief Operating Officer

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

Josephine Tay Administrative Manager

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

Andy Tay Head of Sales (Retail)

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

MILESTONES

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

1977
A HERITAGE THAT STRETCHES BACK TO 1977
Choo Chiang Electrical Trading Service set up by Thomas Lim with a business partner

1991
A HERITAGE THAT STRETCHES BACK TO 1977
Corporatised the business and set up Choo Chiang Marketing Pte. Ltd. operating from Dunlop Street (retail branch) and Ang Mo Kio (retail branch/warehouse)

1991
DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS
Local distributor for Clipsal, Legrand and MK

1993
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Toa Payoh branch

1995
DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS
Local distributor for Hager

1997
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Sims Avenue branch

2000
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Woodlands branch

2001
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Bendemeer and Pioneer branches

2002
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Rowell branch and acquired warehouse in Woodlands

2004
DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS
Started to carry own brands, CCM and CRM

2006
DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS
Authorised dealer for Philips (light bulbs) and KDK (fans)

2007
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Toh Guan branch

2009
RECENT DEVELOPMENTS
Acquired 50% stake in Neiken Electric (S) Pte. Ltd. (formerly known as Neiken Switchgear (S) Pte. Ltd.)

2011
DISTRIBUTOR AND DEALER FOR MANY ESTABLISHED BRANDS
Ramped up sales of CCM and CRM brand of electrical products and accessories

2015
REACHING GREATER HEIGHTS
Listed on the SGX-ST Catalist on 29 July 2015

2015
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Ubi branch

2015
RECENT DEVELOPMENTS
Incorporation of Choo Chiang Project Solutions Pte. Ltd.

2016
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Opened Tampines branch

2016
RECENT DEVELOPMENTS
(i) Incorporation of Choo Chiang Properties Pte. Ltd.
(ii) Divested Neiken Electric (S) Pte. Ltd.

2018
OVER 20 YEARS OF RETAIL PRESENCE IN SINGAPORE
Relocation of existing retail branch from Bendemeer Road to Hamilton Road.

2018
RECENT DEVELOPMENTS
Launched Choo Chiang Mobile Application

2019
RECENT DEVELOPMENTS
Incorporation of Choo Chiang Cable Support System Sdn. Bhd.

2020
RECENT DEVELOPMENTS
Repositioning Choo Chiang brand and better connected to our customers

2020
RECENT ACHIEVEMENTS
Awarded the certificate of Business Excellence from Enterprise Singapore

Ranked top 100 brands in Singapore conferred by Brand Finance

2021
RECENT ACHIEVEMENTS
Ranked top 100 brands in Singapore conferred by Brand Finance

CORPORATE SOCIAL RESPONSIBILITY

Dear Stakeholders,

As climate change and other socio-political issues take centre stage, corporate social responsibility becomes even more important in ensuring that companies do their part towards contributing to the community in this evolving environment.

FY2021 continued to be dominated by the COVID-19 pandemic-related developments. Given the many challenges that we faced in the previous year, the Group has learnt to adapt and adjust efficiently to optimise our operations as we adhere to the safe management measures that were implemented from time to time.

Stakeholder Engagement

Stakeholders are at the core of our business. They are the different groups of people who are pivotal to our success. We are committed towards working closely with our various stakeholders to uphold the highest level of standard in our business operations.

During the year, we continued to cater to stakeholders' needs through complying with the social distancing measures and vaccinated-differentiated measures that were in accordance to the prevailing legislative requirements. In line with the direction set by the authorities and current industrial trend, the Group has adopted the hybrid working model in response to the surge in the COVID-19 Omicron wave. We remain confident of our ability to exercise flexibility appropriately as we transit towards the endemic stage.

Besides hybrid working arrangements, the Group also implemented a series of business continuity measures in line with our pandemic business continuity plan (BCP), such as having split teams to prevent cross-contamination in the event of an infection and investing in remote working infrastructure. We have actively promoted employee mental wellness to ensure productivity remains at an optimal level even in a hybrid working environment.

Valuing our People

People are the bedrock of our business. As the pandemic continued to pose challenges for our business operations, we adapted by adopting the hybrid working arrangement to work from home at any one time to reduce the spread of COVID-19 infection.

At the same time, we also implemented work-life harmony practices to create a healthy work environment, while enhancing employee's performance and satisfaction.

In line with our inclusive human resource strategies, we expanded our focus on the mental health well-being of employees. We understand that the pandemic has created high levels of stress for everyone. Towards this end, the Group is working towards creating a healthy workplace environment that is conducive for staff to come forward and seek help through administering supporting initiatives that help address employees' mental health concerns. Such initiatives include establishing dedicated platforms that allow employees to share their problems and giving staff access to counselling programmes.

Meanwhile, we continue to keep up with our stringent sanitising routine to maintain a clean workplace that is safe for everyone. We also enforce other pandemic-related measures, such as wearing of mask, social distancing between employees and TraceTogether-only SafeEntry check-ins of staff for the purpose of contact tracing.

We will closely monitor the pandemic situation and refine our measures to suit the requirements of the prevailing business situation.

Charities and Communities

We are committed to donating towards prevailing causes and will continue to look out for meaningful movements that are aligned with our corporate philosophy to contribute towards.

Sustaining our Environment

As part of our constant effort in going green, we have converted majority of our paper documents into the electronic format, such as the monthly statement of accounts to our credit customers and our corporate filing system. By doing so, we have concurrently enhanced the confidentiality and protection of our sensitive documents while doing our part for the environment. This has helped to enhance efficiency with increased ease of locating specific information and elevating overall work productivity.

For more details on the Group's efforts on sustainability, please refer to our Sustainability Report 2021, which will be published separately on 8 April 2022 which can be accessed from the Singapore Exchange website at www.sgx.com.

Whistle-Blowing Policy

We encourage employees to report, in confidence and without fear of reprisal, any wrongful practices that they have encountered in the course of their work to the Audit Committee. The Committee will not hesitate to take action against any irregularities after investigation.

Investor Relations

Being listed on the Singapore Stock Exchange subject us to regular reporting of material information promptly. We have a responsibility towards our shareholders to inform them about the Group's significant developments, which can affect the performance of our share price. This information can be found on the Singapore Exchange website at www.sgx.com and on our website at www.choochiang.com.

Yours sincerely,

Thomas Lim
Executive Chairman and CEO

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Mr Lim Teck Seng, Rocky
(Executive Director)

Mr Lim Teck Chai, Danny
(Lead Independent Director)

Mr Sho Kian Hin, Eric
(Independent Director)

Mr Tan Soon Liang
(Independent Director)

AUDIT COMMITTEE

Mr Sho Kian Hin, Eric
(Chairperson)

Mr Tan Soon Liang
(Member)

Mr Lim Teck Chai, Danny
(Member)

REMUNERATION COMMITTEE

Mr Lim Teck Chai, Danny
(Chairperson)

Mr Sho Kian Hin, Eric
(Member)

Mr Tan Soon Liang
(Member)

NOMINATING COMMITTEE

Mr Tan Soon Liang
(Chairperson)

Mr Lim Teck Chuan, Thomas
(Member)

Mr Lim Teck Chai, Danny
(Member)

Mr Sho Kian Hin, Eric
(Member)

COMPANY SECRETARIES

Ms Lai Foon Kuen, ACIS
Mr Morland Fu, CA

SHARE REGISTRAR

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

SPONSOR

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

AUDITOR

Mazars LLP
135 Cecil Street
#10-01
Singapore 069536

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

REGISTERED OFFICE

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

INVESTOR RELATIONS

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

CORPORATE GOVERNANCE REPORT FY2021

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

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year ended 31 December 2021 ("**FY2021**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018, which was issued by Monetary Authority of Singapore on 6 August 2018 (the "**2018 Code**").

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

Principle 1: The Board's Conduct of its Affairs

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

Provision 1.1 – Principal functions of the Board

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

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

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

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

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

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

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

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

h) ensuring compliance with the Code of Corporate Governance, the Singapore Companies Act 1967, the Company's Constitution, the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), accounting standards and other relevant statutes and regulations.

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

Provision 1.2 – Directors' orientation and training

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

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

The NC will going forward and in accordance with Rule 406(3)(a) of the Catalist Rules, ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. During FY2021, no new Director was appointed to the Board.

The Board as a whole is kept up-to-date on pertinent business developments in the business, including the key changes in the relevant regulatory requirements and financial reporting standards, risk management, corporate governance and industry specific knowledge so as to enable them to properly discharge their duties as Board or Board Committee members. During FY2021, the following briefings and updates were provided to the Board:

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

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

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

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

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

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

Provision 1.3 – Matters requiring Board approval

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

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

Provision 1.4 – Delegation by the Board

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

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

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

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

Provision 1.5 – Board meetings, attendance and multiple commitments

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

The number of Board and Board Committee meetings during FY2021 and the attendance of each Director are set out below:

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

(1) Represents the number of meetings during FY2021. Our Audit committee and Board of Directors meetings were held on 25 February 2021 and 11 August 2021.

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

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

Provision 1.6 – Access to information

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

Provision 1.7 – Access to Management and Company Secretary

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

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

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

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

Principle 2: Board Composition and Guidance

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

Provision 2.1 – Board Independence

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

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

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

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

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

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

<u>Provision 2.2, 2.3 and 2.4 – Board composition and diversity</u>

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

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

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

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

The Board with the assistance of the NC is proactive in seeking to maintain an appropriate balance of expertise, skills and attributes among the Directors, and this is reflected in the diversity of backgrounds and the competency of each of the Directors.

Board diversity target is to maintain overall balance and competency of the Board. Such competency includes accounting, legal, relevant industry knowledge, entrepreneurial and management experience, familiarity with relevant regulatory requirements and risk management. This diversity and competency allows the Management to tap on the broad range of views and perspective and the breadth of experience of the Directors. The board diversity target is achieved.

The Board took the following steps to maintain or enhance its balance and diversity:

a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

b) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

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

Principle 3: Chairman and Chief Executive Officer

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

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

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

Provision 3.2 – Role of the Chairman and the CEO

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

Provision 3.3 – Lead Independent Director

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

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

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

Principle 4: Board Membership

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

Provision 4.1 and 4.2 – Composition of the NC

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

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

The key terms of reference of the NC include:

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

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

c) review and approve all promotions of key management;

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

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

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

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

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

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

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

<u>Provision 4.3 – Board Renewal</u>

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

In identifying suitable candidates, the NC may:

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

b) approach alternative sources such as the SID; or

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

After short listing the candidates, the NC shall:

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

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

Provision 4.4 – Independence review of Directors

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

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

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

Name of Director	Mr Thomas Lim	Mr Rocky Lim	Mr Danny Lim	Mr Eric Sho	Mr Tan Soon Liang
Job Title	Executive Chairman and CEO, NC Member.	Executive Director.	Lead Independent Director, Chairperson of RC, AC Member and NC Member.	Independent Director, Chairperson of AC, RC Member and NC Member.	Independent Director, Chairperson of NC, RC Member and AC Member.
Date of initial appointment	5 September 2014	5 September 2014	20 August 2018	13 November 2018	20 August 2018
Date of last re-appointment (if applicable)	28 April 2021	30 April 2020	30 April 2020	28 April 2021	24 April 2019
Age	66	60	48	52	49
Country of principal residence	Singapore	Singapore	Singapore	Malaysia	Singapore
Professional qualifications	Nil	Nil	Bachelor of Law (Honours) degree from the National University of Singapore and Master of Science (Applied Finance) degree from the Nanyang Technological University	Fellow Membership of Association of Certified Chartered Accountant	Bachelor of Business (Honours) (Financial Analysis) from Nanyang Technological University, Master of Business Administration from University of Hull and CFA Charterholder from CFA Institute

CORPORATE GOVERNANCE REPORT FY2021

Name of Director	Mr Thomas Lim	Mr Rocky Lim	Mr Danny Lim	Mr Eric Sho	Mr Tan Soon Liang
Working experience and occupation(s) during the past 10 years	More than 40 years of experience in the electrical retail business.	More than 40 years of experience in the electrical retail business.	Mr. Danny Lim joined Rajah & Tann Singapore LLP upon graduation in May 1998 and has since been practicing and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has experience in acquisitions, investments, takeovers, initial public offerings and restructurings, and his clients include multinational corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.	Mr. Eric Sho has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring and group tax optimisation. Mr. Eric Sho started off his professional training with Victor & Company in 1990. He was with Ernst & Young Kuala Lumpur from 1995 as Assurance and Advisory Business Service Manager and left in 2002 to join the private sector. In 2007, Mr. Eric Sho was appointed as Executive Director and Chief Financial Officer of China Farm Equipment Limited, a company formerly listed on the Mainboard of the SGX-ST. After China Farm Equipment Limited was privatised in 2013, Mr. Eric Sho remains involved in the ongoing corporate exercise to list its assets in China till 2017.	Mr. Tan Soon Liang is the Founder and Managing Director of Ti Ventures Pte. Ltd., which invests in growing businesses and partnering business owners through leading its corporate development, business transformation and mergers and acquisitions functions since May 2009. He is also the Managing Director of Omnibridge Capital Pte. Ltd., which focuses on early stage angel and venture capital investments in start-ups and fast growing companies in Asia. He is also Non-Executive Director of Ti Investment Holdings Pte Ltd since June 2010. He also served as Independent Director of Wong Fong Industries Limited from June 2016 to April 2019. Mr. Tan currently serves as an Independent Director of ISDN Holdings Limited, which is dual-listed on Main Board of the SGX-ST and SEHK as well as Clearbridge Health Limited, GDS Global Limited and Colex Holdings Limited which are listed on Catalist Board of the SGX-ST. He also served as an Independent Director of ValueMax Group Limited listed on Main Board of the SGX-ST. Mr Tan is also a Director of Spectra Secondary School since January 2022 and serves as a VP (Corporate Engagement and Careers) of Nanyang Technological University, Nanyang Business School Alumni Association Executive Committee since October 2021.

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

CORPORATE GOVERNANCE REPORT FY2021

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

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

	Name of Director to be re-elected	
	Mr Rocky Lim	**Mr Tan Soon Liang**
Date of appointment announcement ("**Previous Announcement**")	Offer document dated 15 July 2015	20 August 2018
Changes from the Previous Announcement	No.	No.

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

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

Provision 4.5 – Directors' time commitments

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

Principle 5: Board Performance

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

Provision 5.1 and 5.2 – Board Evaluation Process

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

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

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

Principle 6 – Procedures for developing remuneration policies

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

Provision 6.1 and 6.2 – Composition of the RC

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

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

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

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

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

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

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

Provision 6.3 – Remuneration framework

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

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

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

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

Provision 6.4 – Remuneration consultant

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY2021.

Principle 7 – Level and mix of remuneration

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

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

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

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

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

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

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

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

Provision 7.2 – Remuneration of Non-Executive Directors

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

Principle 8 – Disclosure on remuneration

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

Provision 8.1 – Disclosure of remuneration

While the 2018 Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' remuneration due to competitiveness in the industry for talent. As such, the Board has deviated from complying with Provision 8.1 of the 2018 Code and has provided a breakdown, showing the level and mix of for each Director and the CEO in bands of S$250,000 for FY2021:–

Remuneration Band and Name of Director	Salary %	Bonus/Profit Sharing %	Fees %	Benefits in Kind %	Total %
Up to S$250,000					
Mr Danny Lim	–	–	100	–	100
Mr Eric Sho	–	–	100	–	100
Mr Tan Soon Liang	–	–	100	–	100
S$750,001 to S$1,000,000					
Mr Rocky Lim	72	27	–	1	100
S$1,250,001 to S$1,500,000					
Mr Thomas Lim	63	36	–	1	100

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

The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the names, remuneration and annual aggregate of total remuneration of key management due to competitiveness in the industry for talent. In addition, the Group only has four key management who are not Directors or the CEO. A breakdown, showing the level of the top four (4) key management personnel's remuneration (who are not Directors or the CEO) in bands of S$250,000 for FY2021 is set out below:–

Remuneration Band	Salary and Bonus %	Benefits in Kind %	Number of Executives
Up to S$250,000	97	3	2
Above S$250,000	99	1	2

Provision 8.2 – Remuneration of related employees

Ms Josephine Tay, the administrative manager and a key management of the Group, is the spouse of Mr Rocky Lim, the Group's Executive Director, and her annual remuneration for FY2021 was between S$200,000 and S$250,000. Save for Ms Josephine Tay, there are no other employees of the Group who are substantial Shareholders of the Company or are immediate family members of a Director, the CEO or a substantial Shareholder of the Company and whose remuneration exceeds S$100,000.

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

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

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

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

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

Principle 9: Risk Management and Internal Controls

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

Provision 9.1 – Nature and extent of risks

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

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

The AC has engaged the services of an independent accounting and auditing firm, Crowe Horwath First Trust Risk Advisory Pte Ltd, as its internal auditors ("**IA**") to review on a regular basis and in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors, the internal controls of the Group addressing financial, operational, compliance and information technology controls. Subsequent to the review, the IA will report its findings to the AC and will propose recommendations to enhance the Group's internal controls and to resolve any instances of inadequate internal control processes. The Management is responsible for the implementation of the various recommendations and will report the progress of implementation to the AC. No material high risk findings were noted in the IA report for FY2021 and all other findings have been addressed by Management.

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

The Board and the Audit Committee are responsible for (a) monitoring the risk of becoming subject to, or violating, any Sanctions Law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities.

An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out on pages 99 to 108 of this Annual Report.

Provision 9.2 – Assurance from the CEO and CFO

For FY2021, the Board and the AC have received assurance from the CEO and the CFO that: (a) the financial records have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective.

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the IA and the external auditors, the Board with the concurrence of the AC, is of the view that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems in place during FY2021 are adequate and effective.

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

Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

Provision 10.1, 10.2 and 10.3 – Composition of the AC

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

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

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

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

b) review the external auditors' reports;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Provision 10.4 – Internal audit function

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

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

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

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

Provision 10.5 – AC activities during the year

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

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

The AC also reviews the independence and objectivity of the external auditors annually. The aggregate amount of fees paid or payable to the Company's auditors, Mazars, for FY2021 is as below.

External Auditor Fees for FY2021	**S$'000**
Audit fees	63

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

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to the Management and full discretion to invite any Director or key management personnel or any Executive Officer to attend its meetings. The AC is reasonably resourced to enable it to discharge its functions properly. During FY2021, the AC has received full co-operation from the Management and the Group's officers in the course of it carrying out its duties. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Mazars.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors. Save for Choo Chiang Cable Support System Sdn. Bhd., a wholly-owned subsidiary of the Company incorporated in Malaysia which is dormant in FY2021 and not subjected to audit, the Company and all its subsidiaries are incorporated in Singapore and have been audited by Mazars. Mazars is registered with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**").

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

The Company has adopted a Whistle-Blowing Policy, which has been made available to all employees of the Group, to provide a channel for the Group's employees to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigation to be carried out independently. For FY2021, there were no reported incidents pertaining to whistle-blowing.

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

Principle 11: Shareholders' Rights and Conduct of General Meetings

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

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

Provision 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

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

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

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

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

In FY2021, all Directors including Chairman of the Board and the respective Chairpersons of the AC, RC and NC, the Management, and the external auditors are in attendance at AGM of the Company to address any queries of Shareholders.

For FY2021, due to the COVID-19 outbreak, the Company's AGM held on 28 April 2021 were held by way of electronic means, through "live webcast". The notices of general meetings were not published on the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's website. Shareholders participated in the AGM via electronic means.

Provision 11.5 – Minutes of general meetings

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

The proceeding of each of the general meetings will be properly recorded. All minutes of the general meetings will be available for inspection of Shareholders upon their request (upon approval by the Board). For the recent general meetings of the Company held in FY2021, the Company had published the minutes of the general meetings on its corporate website and the SGXNet within one month from the conclusion of the general meetings.

Provision 11.6 – Dividend policy

The Company had announced on 23 February 2022, that it has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Company is committed to its dividend policy to pay out at least 50% of net profit attributable to shareholders (adjusted for one-off, non-recurring items) as dividends for financial years 2022 and 2023. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

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

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

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

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

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

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

The declaration and payment of final dividends will be determined at the sole discretion of the Directors, subject to the approval of Shareholders. The Directors may declare an interim dividend without the approval of Shareholders. For FY2021, the Company had paid an interim dividend of 0.70 Singapore cents and is recommending a final dividend of 1.30 Singapore cents to be approved at the forthcoming AGM. The total amount of dividend declared, if the final dividend is approved by shareholders in the coming general meeting, in respect of FY2021 is approximately S$4,155,000 (2020: S$1,871,000) which represents 48.49% (2020: 63.3%) of the Group's profit attributable to owners of the Company in FY2021.

Principle 12: Engagement with Shareholders

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

Provision 12.1, 12.2 and 12.3 – Stakeholder engagement

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

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

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

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

Principle 13: Managing stakeholder relationships

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

Provision 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company undertakes a formal stakeholder engagement exercise, such as press releases, publications, surveys and customer feedback which conducted to identify material stakeholder groups which include shareholders, government and regulator, employees, media and public relations, suppliers, customers as well as the local communities. The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further details can be found in our sustainability report for the year ended 31 December 2021 which will be released by April 2022.

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

Dealing in Securities

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

Material Contracts

Save for the material contracts as summarised below, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling Shareholder either still subsisting as at 31 December 2021 or if not then subsisting, entered into since the end of the previous financial year.

- **Personal guarantees provided by Mr Thomas Lim**

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

Non-Sponsor Fees

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

Interested Person Transactions

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

Non-Audit Fees

For FY2021, there were no non-audit fees paid to the Company's auditors, Mazars.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

2. Directors

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

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

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

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

4. **Directors' interests in shares or debentures** (Continued)

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

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

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Lim Teck Chuan is deemed to have an interest in all the related corporations of the Company.

The Directors' interests in the shares of the Company at 21 January 2022 were the same at 31 December 2021.

5. **Audit committee**

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

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

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

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

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

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

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

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

5. **Audit committee** (Continued)

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

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

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

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

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

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

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

6. **Auditors**

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

On behalf of the Board of Directors

Lim Teck Chuan
Director

Lim Teck Seng
Director

Singapore
25 March 2022

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Choo Chiang Holdings Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Overview

Audit Approach

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

Materiality

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

Scope of audit

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

All the significant components were audited by us.

Areas of focus

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

Key Audit Matters

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

<table>
<tr><td colspan="2">Impairment on trade receivables (Note 11)
Refer to Note 3 (Critical accounting judgements and key sources of estimation uncertainty), Note 11 (Trade receivables) and Note 31 (Financial instruments and financial risks – credit risk).</td></tr>
<tr><td>Key Audit Matter</td><td>Audit Response</td></tr>
<tr><td>As at 31 December 2021, the Group's trade receivables were $5.28 million (2020: $4.75 million), representing a significant balance on the statement of financial position of the Group.

With reference to SFRS(I) 9 Financial Instruments ("SFRS(I) 9"), the Group adopts a simplified approach for the recognition of the loss allowance for trade receivables, which are carried at amortised cost, at an amount equal to lifetime expected credit losses ("ECL") and has also used the practical expedient permitted in SFRS(I) 9 in the form of a provision matrix.

The assessment of the credit risk and the measurement of ECL require the use of significant judgement and estimates. Any impairment losses or gains resulting from the recognition or reversal of ECL are recognised in profit or loss as an adjustment to the loss allowance at the reporting date.</td><td>Our audit procedures included, and were not limited to, the following:

• Obtained an understanding of the Group's application of SFRS(I) 9 and assessed the appropriateness thereof;

• Assessed the reasonableness of the provision matrix applied by the Group in their measurement of ECL for trade receivables;

• Selected samples and obtained the trade receivables confirmation reply to ascertain the existence and validity of the trade receivables. For non-reply trade receivables confirmation, we vouched to subsequent settlements and corresponding acknowledged delivery orders and invoices for the selected samples as alternative procedures;

• Reviewed the accuracy and completeness of the trade receivables aging as at year end, and performed independent checks on the historical collection pattern for customers with past due receivables, the subsequent collection from customers and financial performance or position of the customers; and

• Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.</td></tr>
</table>

Key Audit Matters (Continued)

<table>
<tr><td colspan="2">Valuation for inventories (Note 14)
Refer to Note 3 (Critical accounting judgements and key sources of estimation uncertainty) and Note 14 (Inventories).</td></tr>
<tr><td>Key Audit Matter</td><td>Audit Response</td></tr>
<tr><td>As at 31 December 2021, the Group's inventories were $18.91 million (2020: $17.07 million), representing a significant balance on the statement of financial position of the Group.

At the end of each reporting period, management assesses whether there are any inventories that stated at cost which are above their net realisable value ("NRV"). If so, these inventories are written down to their NRV.

Management's allowance for inventory obsolescence is subjective and is influenced by estimates concerning the level of sale activity.</td><td>Our audit procedures included, and were not limited to, the following:

• Discussed with management on the Group's policy on making allowance for inventory obslescence;

• Evaluated management's basis for the inventory provisions, outcome of estimations and methodology applied to identify slow moving and obsolete inventories;

• Reviewed management's assessment of the estimation of NRV of inventories as at 31 December 2021 to determine whether the inventories are measured at the lower of cost and NRV;

• Attended and observed the inventory count conducted by management at the year end and assessed the adequacy of controls in placed for the inventory count to ascertain that inventories are in good and saleable condition; and

• Tested the Group's application of the weighted average cost method and the appropriateness of the carrying amount of the inventories, with reference to the NRV of the inventories selected in our testing.</td></tr>
</table>

Other information

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	**2020**
		$'000	**$'000**
Revenue	4	**79,375**	52,711
Cost of sales		**(55,790)**	(37,261)
Gross profit		**23,585**	15,450
Other operating income	5	**445**	1,479
Administrative and selling expenses		**(11,817)**	(10,647)
Other operating expenses		**(1,711)**	(2,525)
Finance costs	6	**(108)**	(117)
Profit before income tax	7	**10,394**	3,640
Income tax expense	8	**(1,826)**	(684)
Profit for the year, representing total comprehensive income for the year		**8,568**	2,956
Total comprehensive income attributable to:			
Owners of the Company		**8,568**	2,956
Earnings per share (in cents):			
Basic and diluted	9	**4.12**	1.42

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**20,394**	13,526	**769**	488
Trade receivables	11	**5,283**	4,754	**1,473**	3,773
Other receivables and prepayments	12	**795**	555	**16,512**	17,117
Financial assets at fair value through profit or loss	13	**1,303**	2,118	**–**	–
Inventories	14	**18,911**	17,068	**–**	–
Total current assets		**46,686**	38,021	**18,754**	21,378
Non-current assets					
Property, plant and equipment	15	**7,129**	7,650	**–**	–
Investment properties	16	**12,865**	13,196	**–**	–
Club membership	17	**167**	186	**–**	–
Investments in subsidiaries	18	**–**	–	**2,110**	2,238
Right-of-use assets	19	**2,789**	2,765	**–**	–
Total non-current assets		**22,950**	23,797	**2,110**	2,238
Total assets		**69,636**	61,818	**20,864**	23,616
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	20	**8,162**	8,003	**–**	–
Other payables and accruals	21	**2,613**	1,691	**74**	246
Contract liabilities	22	**160**	–	**–**	–
Lease liabilities	23	**476**	509	**–**	–
Income tax payable		**1,853**	896	**48**	45
Total current liabilities		**13,264**	11,099	**122**	291
Non-current liabilities					
Lease liabilities	23	**2,908**	2,829	**–**	–
Deferred tax liabilities	24	**131**	184	**–**	–
Total non-current liabilities		**3,039**	3,013	**–**	–
Total liabilities		**16,303**	14,112	**122**	291
Capital and reserves					
Share capital	25	**8,020**	8,020	**8,020**	8,020
Treasury shares	25	**(59)**	(28)	**(59)**	(28)
Retained earnings		**45,372**	39,714	**12,781**	15,333
Total equity		**53,333**	47,706	**20,742**	23,325
Total liabilities and equity		**69,636**	61,818	**20,864**	23,616

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital	Treasury shares	Retained earnings	Total
	$'000	$'000	$'000	$'000
Group				
Balance at 1 January 2020	8,020	–	38,630	46,650
Profit for the year representing comprehensive income for the year	–	–	2,956	2,956
Transactions with owners, recognised directly in equity:				
Purchase of treasury shares (Note 25)	–	(28)	–	(28)
Dividend paid (Note 26)	–	–	(1,872)	(1,872)
Transactions with owners, recognised directly in equity	–	(28)	(1,872)	(1,900)
Balance at 31 December 2020	8,020	(28)	39,714	47,706
Profit for the year, representing total comprehensive income for the year	–	–	8,568	8,568
Transactions with owners, recognised directly in equity				
Purchase of treasury shares (Note 25)	–	(31)	–	(31)
Dividend paid (Note 26)	–	–	(2,910)	(2,910)
Transactions with owners, recognised directly in equity	–	(31)	(2,910)	(2,941)
Balance at 31 December 2021	**8,020**	**(59)**	**45,372**	**53,333**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	**2020**
		$'000	**$'000**
Operating activities			
Profit before income tax		**10,394**	3,640
Adjustments for:			
Interest expense on lease liabilities	6	**108**	117
Interest income	5	**(23)**	(63)
Depreciation of property, plant and equipment	15	**561**	622
Depreciation of investment properties	16	**331**	346
Depreciation of right-of-use assets	19	**604**	587
Impairment loss on property, plant and equipment	15	**–**	476
Impairment loss on investment properties	16	**–**	461
Amortisation of club membership	17	**19**	19
Loss allowance for trade receivables	31	**48**	62
Bad debts recovered	5	**(3)**	(2)
(Reversal)/provision for stock obsolescence	14	**(98)**	80
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	5	**(73)**	(63)
Fair value loss/(gain) on FVTPL	5,7	**47**	(15)
Loss on disposal of financial assets at FVTPL	7	**40**	–
Gain on lease modification	5	**(14)**	–
Foreign exchange differences arising from FVTPL		**8**	–
Operating cash flows before movements in working capital		**11,949**	6,267
Changes in working capital:			
Trade receivables		**(574)**	750
Other receivables and prepayments		**(240)**	(108)
Inventories		**(1,745)**	(2,781)
Trade payables		**159**	(58)
Other payables and accruals		**922**	(438)
Contract liabilities		**160**	(82)
Cash generated from operations		**10,631**	3,550
Income tax paid		**(922)**	(792)
Interest received		**23**	63
Cashflows generated from operating activities		**9,732**	2,821
Investing activities			
Purchase of property, plant and equipment	15	**(40)**	(87)
Dividend income from FVTPL		**73**	63
Proceed from disposal of FVTPL		**1,940**	–
Purchase of financial assets at FVTPL		**(1,220)**	(2,103)
Cashflows generated from/(used in) in investing activities		**753**	(2,127)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	**2020**
		$'000	**$'000**
Financing activities			
Purchase of treasury shares	25	**(31)**	(28)
Repayment of lease liabilities		**(568)**	(540)
Dividend paid	26	**(2,910)**	(1,872)
Interest paid	6	**(108)**	(117)
Cashflows used in financing activities		**(3,617)**	(2,557)
Net increase/(decrease) in cash and cash equivalents		**6,868**	(1,863)
Cash and cash equivalents at beginning of year		**13,526**	15,389
Cash and cash equivalents at end of year	10	**20,394**	13,526

Reconciliation of liability arising from financing activities

	1 January 2021	Financing cashflows	Non-cash movements Acquisition	 Gains on lease modification	31 December 2021
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Liability					
Lease liabilities	**3,338**	**(568)**	**628**	**(14)**	**3,384**

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

1. General

Choo Chiang Holdings Ltd. (the "Company") (Registration Number 201426379D) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and incorporated and domiciled in Singapore with its principal place of business and registered office at 10 Woodlands Loop, Singapore 738388.

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

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

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2021 were authorised for issue by the Board of Directors at the date of the Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I) INTs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

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

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2021. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

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

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 16	Amendment to SFRS(I) 16: Covid-19- Related Rent Concessions beyond 30 June 2021	1 April 2021
SFRS(I) 3	Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2021	1 January 2022

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

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

2.2 Basis of consolidation

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

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

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition

The Group recognises revenue from the following major sources:

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

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

Sale of goods

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

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

Rental income

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

2.5 Borrowing costs

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

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

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

2.6 Retirement benefit costs

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

2.7 Employee leave entitlements

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

2.8 Income tax

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

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

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

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

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

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

2.9 Dividends

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

2.10 Foreign currency transactions and translation

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

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

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

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

2.11 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

2.12 Investment properties

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

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

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

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

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

2.13 Intangible assets

Acquired intangible assets

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

Acquired intangible assets have either finite or indefinite useful life.

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

- Club membership 14 years

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

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

2. Summary of significant accounting policies (Continued)

2.14 Impairment of non-financial assets

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

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

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

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

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

2.15 Financial instruments

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

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 Revenue from Contracts with Customers in Note 2.4.

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

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

Financial assets at amortised cost

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

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

Effective interest method

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

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

Financial assets at FVTPL

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

Gains or losses are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

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

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

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

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

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

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

Derecognition of financial assets

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

2. Summary of significant accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Ordinary share capital

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

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

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

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

Other financial liabilities

Trade and other payables

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

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

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

2.16 Inventories

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

2.17 Cash and cash equivalents

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

2.18 Leases

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

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

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.18 Leases (Continued)

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

<u>The Group as a lessor</u>

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

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

Operating Leases

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

2.19 Provisions

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.20 Government grants

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

2.21 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.22 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1 Critical judgements in applying the Group's accounting policies

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

3.2 Key sources of estimation uncertainty

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

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the investments in subsidiaries of the Company is impaired. The Company's carrying amount of investments in subsidiaries as at 31 December 2021 is $2,110,000 (2020: $2,238,000) (Note 18).

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

Measurement of ECL of trade receivables

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

The expected loss allowance on the Group's trade receivables as at 31 December 2021 was $722,000 (2020: $698,000) (Note 31).

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

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment and investment properties

The Group depreciates the property, plant and equipment and investment properties over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and investment properties. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment and investment properties at 31 December 2021 were $7,129,000 (2020: $7,650,000) (Note 15) and $12,865,000 (2020: $13,196,000) (Note 16) respectively.

Impairment of property, plant and equipment and investment properties

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

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

There was no impairment loss for the financial year ended 31 December 2021. An impairment loss of $476,000 and $461,000 representing the write-down of the building and shop units and investment properties to the recoverable amount was included in "other operating expenses" of the Group's profit or loss for the financial year ended 31 December 2020.

The carrying amounts of the Group's building and shop units included in property, plant and equipment and investment properties as at 31 December 2021 was $6,580,000 and $12,865,000 (2020: $6,777,000 and $13,196,000) (Note 15 and Note 16) respectively.

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

3.2 **Key sources of estimation uncertainty** (Continued)

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2021 was $18,911,000 (2020: $17,068,000) (Note 14).

Estimation of lease term

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

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. During the financial year ended 31 December 2021, the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $2,123,000 (2020: $2,061,000) and $1,568,000 (2020: $1,505,000) respectively.

4. **Revenue**

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

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

	Group	
	2021	**2020**
	$'000	**$'000**
Segment revenue		
Sales of goods	**78,876**	52,248
Rental income (Note 16)	**499**	463
	79,375	52,711
Timing of revenue recognition		
At a point in time:		
– Sales of goods	**78,876**	52,248
Over time:		
– Rental income	**499**	463
	79,375	52,711

5. Other operating income

	Group	
	2021	**2020**
	$'000	**$'000**
Bad debts recovered	**3**	2
Dividend income from financial assets at FVTPL	**73**	63
Net foreign exchange gain	**–**	5
Fair value gain on FVTPL	**–**	15
Gain on lease modification	**14**	–
Government grants(1)	**178**	1,248
Interest income	**23**	63
Sponsorship	**55**	57
Sundry income	**99**	26
	445	1,479

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

The JSS provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. JSS payouts are intended to offset local employees' wages and help protect their jobs.

The Group has been awarded certain government grants for which the grant income was recognised in other income. The grant income relating to JSS and property tax rebates amounted to $93,000 (2020: $1,036,000), and the corresponding expenses were recognised in administrative and selling expenses. There are no grant receivables relating to JSS recognised in other receivables (2020: $208,000).

During the financial year, the Group received rent concessions for the retail store leases from its respective landlords as assistance to tide over the impact of COVID-19. The Group applied the practical expedient for eligible rent concessions. The amount recognised in the statement of profit or loss for the financial year ended 31 December 2021 to reflect changes in lease payments that arose from rent concessions to which the Group has applied the practical expedient is $Nil (2020: $48,000).

6. Finance costs

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on lease liabilities	**108**	117

7. Profit before income tax

The following charges were included in the determination of profit before income tax:

	Group	
	2021 **$'000**	**2020** **$'000**
Directors' remuneration:		
Short-term benefits	**2,267**	1,672
Post-employment benefits	**26**	22
Staff costs	**6,878**	6,377
Cost of defined contribution plans included in staff costs	**721**	610
Cost of inventories included in expense	**55,361**	36,859
Expense relating to short-term leases (Note 23)	**–**	28
Loss on disposal of financial assets at FVTPL	**40**	–
Net foreign exchange loss	**28**	31
Audit fees paid to auditors of the Group	**63**	65
Fair value loss/(gain) on financial assets at FVTPL	**47**	(15)
Rental relief, net(1)	**13**	38

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

	2021 **$'000**	**2020** **$'000**
Property tax rebate and cash grant from government	**13**	36
Rental waiver paid to tenants	**–**	(74)
Rental relief, net	**13**	(38)

8. Income tax expense

	Group	
	2021 **$'000**	**2020** **$'000**
Current tax expense		
Current financial year	**1,854**	641
Under/(Over)provision in prior financial year	**25**	(115)
	1,879	526
Deferred tax expense		
Origination and reversal of temporary differences	**(11)**	47
(Over)/Underprovision of deferred tax in prior year	**(42)**	111
	(53)	158
Total	**1,826**	684

8. Income tax expense (Continued)

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable income for the year.

	Group	
	2021	2020
	$'000	$'000
Profit before income tax	**10,394**	3,640
Income tax expense calculated at 17%	**1,767**	619
Non-allowable items	**150**	293
Income not subject to tax	**(23)**	(170)
Tax exemption	**(52)**	(52)
Overprovision of tax expense in prior year	**(17)**	(4)
Others	**1**	(2)
	1,826	684

9. Earnings per share

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

	2021	2020
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company) ($'000)	**8,568**	2,956
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**207,785**	207,968
Earnings per share (cents) – basic and diluted[(i)]	**4.12**	1.42

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

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

10. Cash and cash equivalents

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**115**	122	**–**	–
Cash at bank	**20,279**	13,404	**769**	488
	20,394	13,526	**769**	488

10. Cash and cash equivalents (Continued)

The Group's and the Company's cash and bank balances that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	**469**	543	**–**	–

Risk disclosures relating to the above cash and bank balances has been disclosed in note 31.

11. Trade receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
– Third parties	**6,005**	5,452	**–**	–
– Subsidiary	**–**	–	**1,473**	3,773
Less: loss allowance	**(722)**	(698)	**–**	–
Total	**5,283**	4,754	**1,473**	3,773

Trade receivables are non-interest bearing and the Group generally extend credit period of 30 to 90 (2020: 30 to 90) days from date of invoice. They are recognised at the transaction price which represent their fair value on initial recognition.

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

12. Other receivables and prepayments

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables and prepayments				
– Third parties	**44**	37	**18**	7
– Subsidiaries	**–**	–	**16,436**	17,082
– Grant receivable	**15**	208	**15**	16
– Deposit	**94**	101	**–**	–
– Prepayments	**197**	209	**43**	12
– Advance payment to supplier	**445**	–	**–**	–
Total	**795**	555	**16,512**	17,117

13. Financial assets at fair value through profit or loss

	Group	
	2021	**2020**
	$'000	**$'000**
Current investments		
Quoted equity instruments at FVTPL	287	2,118
Unquoted equity instruments at FVTPL	1,016	–
	1,303	2,118

Quoted equity instruments

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

Unquoted equity instruments

The investments in unquoted equity instruments classified at FVTPL relates to investment in one private fund in Singapore and have no fixed maturity date or coupon rate and are denominated in Singapore dollars.

As at 31 December 2021, the fair value of the equity instrument was determined by reference to:

(a) the initial value thereof being the amount expended in the acquisition thereof;

(b) the price of the relevant investment as quoted by a person, firm or institution making a market in that investment;

(c) the sale prices of recent transactions in the same or similar investments, valuations of comparable investments.

14. Inventories

	Group	
	2021	2020
	$'000	$'000
At cost:		
Finished goods	**20,814**	19,060
Goods in transit	**258**	267
	21,072	19,327
Less: Allowance for stock obsolescence	**(2,161)**	(2,259)
	18,911	17,068
Movement in the allowance for stock obsolescence:		
Balance at beginning of the year	**2,259**	2,179
(Reversal from)/charged to profit or loss	**(98)**	80
Balance at end of the year	**2,161**	2,259

15. Property, plant and equipment

	Building and shop units	Motor vehicles	Furniture and fittings	Office equipment	Renovation	Machinery and equipment	Renovation in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At 1 January 2020	6,969	1,483	317	811	327	204	2,325	12,436
Additions	–	–	5	24	32	–	26	87
Disposals/Written off	–	–	–	(8)	–	–	–	(8)
Reclassification	2,218	–	–	–	133	–	(2,351)	–
At 31 December 2020	9,187	1,483	322	827	492	204	–	12,515
Additions	–	–	–	30	10	–	–	40
Disposals/Written off	–	–	(7)	(57)	–	–	–	(64)
At 31 December 2021	**9,187**	**1,483**	**315**	**800**	**502**	**204**	**–**	**12,491**
Accumulated depreciation:								
At 1 January 2020	1,736	831	291	434	318	165	–	3,775
Depreciation for the year	198	181	22	146	51	24	–	622
Disposals	–	–	–	(8)	–	–	–	(8)
At 31 December 2020	1,934	1,012	313	572	369	189	–	4,389
Depreciation for the year	197	159	6	126	58	15	–	561
Disposals	–	–	–	–	–	–	–	–
Written off	–	–	(7)	(57)	–	–	–	(64)
At 31 December 2021	**2,131**	**1,171**	**312**	**641**	**427**	**204**	**–**	**4,886**
Accumulated impairment loss								
At 1 January 2020	–	–	–	–	–	–	–	–
Impairment for the year	476	–	–	–	–	–	–	476
At 31 December 2020 and 31 December 2021	476	–	–	–	–	–	–	476
Carrying amount:								
At 31 December 2021	**6,580**	**312**	**3**	**159**	**75**	**–**	**–**	**7,129**
At 31 December 2020	6,777	471	9	255	123	15	–	7,650

15. Property, plant and equipment (Continued)

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

Address	Tenure	Remaining tenure	Existing use
10 Woodlands Loop Singapore 738388	66 years	33 years	Warehouse and Retail
61 Ubi Road #01-11, Oxley Bizhub Singapore 408727	60 years	49 years	Retail
Blk 640 Rowell Road #01-70, Singapore 200640	81 years	62 years	Retail
Blk 3 Soon Lee Street #01-09 Pioneer Junction Singapore 627606	30 years	20 years	Retail

The fair value is regarded as level 3 in the fair value hierarchy. The fair values of the building and shop units have been estimated based on directors' estimation, which were arrived at by reference to desktop valuations performed by independent valuer in 2020 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 direct comparison approach that reflects recent transaction prices for similar properties adjusted for location and size. There is no impairment loss (2020: $476,000) for property, plant and equipment for the financial year ended 31 December 2021.

16. Investment properties

	Freehold properties	Shop units	Total
	$'000	**$'000**	**$'000**
Group			
Cost:			
At 1 January 2021 and 31 December 2021	**9,680**	**6,508**	**16,188**
Accumulated depreciation			
At 1 January 2020	1,111	1,074	2,185
Depreciation for the year	193	153	346
At 31 December 2020	1,304	1,227	2,531
Depreciation for the year	193	138	331
At 31 December 2021	**1,497**	**1,365**	**2,862**
Accumulated impairment loss			
At 1 January 2020	–	–	–
Impairment for the year	–	461	461
At 31 December 2020 and 31 December 2021	**–**	**461**	**461**
Carrying amount:			
At 31 December 2021	**8,183**	**4,682**	**12,865**
At 31 December 2020	8,376	4,820	13,196

16. Investment properties (Continued)

The investment properties listed above are used for commercial purpose.

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

	Tenure	Remaining tenure	Fair value	
			2021 $'000	**2020 $'000**
Address of properties				
48 Toh Guan East #01-102, Singapore 608586	60 years	36 years	**1,050**	1,050
8B Admiralty Street #01-06, Singapore 757440	60 years	39 years	**1,300**	1,300
8B Admiralty Street #01-07, Singapore 757440	60 years	39 years	**1,292**	1,292
65 Ubi Road 1 #02-65, Oxley Bizhub, Singapore 408729	60 years	49 years	**665**	665
5 Soon Lee Street, Pioneer Point #01-66, Singapore 627607	30 years	20 years	**410**	410
5 Soon Lee Street, Pioneer Point #01-67, Singapore 627607	30 years	20 years	**329**	329

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

	Fair value	
	2021 $'000	**2020 $'000**
Address of properties		
9 Tagore Lane, #02-06, 9@Tagore, Singapore 787472	**1,450**	1,450
9 Tagore Lane, #02-07, 9@Tagore, Singapore 787472	**1,675**	1,675
9 Tagore Lane, #03-16, 9@Tagore, Singapore 787472	**1,528**	1,528
23 New Industrial Road, #02-08, Solstice Business Centre, Singapore 536209	**1,400**	1,400
421 Tagore Industrial Avenue, #01-22, Tagore 8, Singapore 787805	**1,767**	1,767
421 Tagore Industrial Avenue, #01-23, Tagore 8, Singapore 787805	**1,767**	1,767

16. Investment properties (Continued)

The fair value is regarded as level 3 in the fair value hierarchy. The fair values of the investment properties have been estimated based on directors' estimation, which were arrived at by reference to desktop valuations performed by independent valuer in 2020 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 direct comparison approach that reflects recent transaction prices for similar properties adjusted for location and size. There is no impairment loss (2020: $461,000) for investment properties for the financial year ended 31 December 2021.

The following amounts are recognised in profit or loss:

	Group	
	2021	**2020**
	$'000	**$'000**
Rental income from investment properties (Note 4)	**499**	463
Direct operating expenses (including repairs and maintenance) from:		
– rental-generating investment properties	**429**	402

17. Club membership

	Group
	$'000
Cost:	
At 1 January 2020 and 31 December 2020	265
Accumulated amortisation:	
At 1 January 2020	60
Amortisation for the year	19
At 31 December 2020	79
Amortisation for the year	19
At 31 December 2021	**98**
Carrying amount:	
At 31 December 2021	**167**
At 31 December 2020	186

18. Investments in subsidiaries

	Company	
	2021	**2020**
	$'000	**$'000**
Unquoted equity shares, at cost	**2,110**	2,388
Less: Impairment loss	**–**	(150)
	2,110	2,238

18. Investments in subsidiaries (Continued)

	Company	
	2021	**2020**
	$'000	**$'000**
Movement in the impairment of subsidiaries:		
Balance at beginning of year	**150**	150
Reversal of impairment allowance	**(150)**	–
Balance at end of year	**–**	150

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

Details of the Group's subsidiaries at 31 December 2021 and 2020 are as follows:

Name of subsidiary/ Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
		2021	**2020**
		%	**%**
Choo Chiang Marketing Pte. Ltd. Singapore(1)	Supply of electrical products and accessories; and assemblers of lighting fittings and fixtures.	**100**	100
Choo Chiang Project Solutions Pte. Ltd. Singapore(2)	Supply of electrical products and accessories.	**–**	100
Choo Chiang Properties Pte. Ltd. Singapore(1)	Property investment and real estate management.	**100**	100
Choo Chiang Cable Support Systems Sdn. Bhd. Malaysia(3)	Manufacturing of cable support systems.	**100**	100

(1) Audited by Mazars LLP, Singapore.

(2) The subsidiary is in the process of striking off on 18 November 2021.

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

19. Right-of-use assets

The Group as lessee

The Group leases several leasehold land and buildings, equipment and a motor vehicle. The average lease term is 5 years (2020: 8 years).

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

	Leasehold land and buildings	Office equipment	Motor vehicle	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 January 2020	4,312	296	200	4,808
Additions	833	–	–	833
Disposal	(632)	–	–	(632)
At 31 December 2020	4,513	296	200	5,009
Additions	462	260	–	722
Disposal	(260)	(296)	–	(556)
At 31 December 2021	**4,715**	**260**	**200**	**5,175**
Accumulated depreciation:				
At 1 January 2020	2,094	113	9	2,216
Depreciation	492	59	36	587
Disposal	(559)	–	–	(559)
At 31 December 2020	2,027	172	45	2,244
Depreciation	512	56	36	604
Disposal	(260)	(202)	–	(462)
At 31 December 2021	**2,279**	**26**	**81**	**2,386**
Carrying amount:				
At 31 December 2021	**2,436**	**234**	**119**	**2,789**
At 31 December 2020	2,486	124	155	2,765

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

20. Trade payables

	Group	
	2021	**2020**
	$'000	**$'000**
Third parties	**7,700**	7,766
GST payable	**462**	237
	8,162	8,003

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 (2020: 30 to 90 days). No interest is charged on the outstanding trade payables.

21. Other payables and accruals

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Third parties	**110**	174	**36**	62
Subsidiary	**–**	–	**7**	148
Rental deposits received	**99**	89	**–**	–
Rental received in advance	**10**	15	**–**	–
Accruals	**2,394**	1,413	**31**	36
	2,613	1,691	**74**	246

22. Contract liabilities

	Group	
	2021	**2020**
	$'000	**$'000**
Advances received from customers	**160**	–

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

23. Lease liabilities

	Group	
	2021	**2020**
	$'000	**$'000**
Lease liabilities – non-current	**2,908**	2,829
Lease liabilities – current	**476**	509
	3,384	3,338

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

Amounts recognised in profit or loss

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on lease liabilities	**108**	117
Expense relating to short-term leases (Note 7)	**–**	28

24. Deferred tax liabilities

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

	Group
	$'000
Excess of tax over book depreciation	
At 1 January 2020	26
Underprovision of deferred tax in prior year (Note 8)	111
Charged to profit or loss (Note 8)	47
At 31 December 2020	184
Overprovision of deferred tax in prior year (Note 8)	(42)
Credit to profit or loss (Note 8)	(11)
At 31 December 2021	**131**

25. Share capital and treasury shares

	2021	**2020**	**2021**	**2020**
	Number of ordinary shares		**$'000**	**$'000**
Group and Company				
Issued and fully paid:				
At beginning and end of the year	**208,000,000**	208,000,000	**8,020**	8,020

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

25. Share capital and treasury shares (Continued)

Treasury shares

	Group and Company			
	2021	**2020**	**2021 $'000**	**2020 $'000**
Issued and paid up:				
At beginning of year	**127,100**	–	**28**	–
Repurchased during the year	**130,500**	127,100	**31**	28
At end of year	**257,600**	127,100	**59**	28

The Company acquired 130,500 (2020: 127,100) of its own shares through purchases on SGX during the year. The total amount paid to acquire the shares was $31,000 (2020: $28,000) and has been deducted from shareholders' equity.

26. Dividends

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

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

On 17 May 2021, final tax-exempt dividend of 0.7 cents per ordinary share totalling approximately $1,454,000 was paid to shareholders.

On 7 September 2021, an interim tax-exempt dividend of 0.7 cents per ordinary share totalling approximately $1,456,000 was paid to shareholders.

In respective of the financial year ended 31 December 2021, directors of the Group proposed that a final one-tier tax exempt dividend of 1.3 cents per ordinary share be paid to all shareholders. Subject to the approval by the shareholders at the Annual General Meeting this proposed dividend has not been included as a liability in these financial statements.

27. Operating lease commitments

Lessor

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

27. Operating lease commitments (Continued)

Lessor (Continued)

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 10 years. The Group did not identify any indications that this situation will change.

	Group	
	2021	**2020**
	$'000	**$'000**
Maturity analysis of operating lease payments:		
Year 1	**333**	335
Year 2	**336**	149
Total	**669**	484

During the year ended 31 December 2021, property rental income earned was $499,000 (2020: $463,000). The Group's investment properties were expected to generate rental yields of 3.9% (2020: 3.5%) on an ongoing basis. All of the properties held had committed tenants for the next one year. All operating lease contracts contained market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

28. Capital commitments

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

	Group	
	2021	**2020**
	$'000	**$'000**
Capital expenditure contracted but not provided for		
– Commitment for the acquisition of property, plant and equipment	**47**	–

29. Significant related party transactions

A related party is defined as follows:

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

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

(ii) Has significant influence over the Company; or

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

29. Significant related party transactions (Continued)

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

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

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

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

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

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

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

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

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

<u>Key management personnel</u>

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

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

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

29. Significant related party transactions (Continued)

Key management personnel (Continued)

Compensation of directors and key management personnel

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

	Group		Company	
	2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Short-term employee benefits	**3,525**	2,766	**130**	130
Post-employment benefits	**96**	90	**–**	–
	3,621	2,856	**130**	130

30. Segment information

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

The two main business activities are as follows:

(a) Distribution business; and

(b) Property investment business.

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

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

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

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

30. **Segment information** (Continued)

Information about reportable segments

	Distribution business	Property investment business	Total
	$'000	$'000	$'000
2021			
Revenue			
External sales of goods	**78,876**	**–**	**78,876**
Rental income	**–**	**499**	**499**
Segment revenue	**78,876**	**499**	**79,375**
Cost of sales			
External purchases	**(55,361)**	**–**	**(55,361)**
Cost of property maintenance	**–**	**(429)**	**(429)**
Segment cost of sales	**(55,361)**	**(429)**	**(55,790)**
Results			
Segment result	**23,515**	**70**	**23,585**
Other operating income	**445**	**–**	**445**
Administrative and selling expenses	**(11,772)**	**(45)**	**(11,817)**
Other operating expenses	**(1,708)**	**(3)**	**(1,711)**
Finance costs	**(108)**	**–**	**(108)**
Profit before income tax	**10,372**	**22**	**10,394**
Income tax expense			**(1,826)**
Profit after income tax			**8,568**
2020			
Revenue			
External sales of goods	52,248	–	52,248
Rental income	–	463	463
Segment revenue	52,248	463	52,711
Cost of sales			
External purchases	(36,859)	–	(36,859)
Cost of property maintenance	–	(402)	(402)
Segment cost of sales	(36,859)	(402)	(37,261)
Results			
Segment result	15,389	61	15,450
Other operating income	1,467	12	1,479
Administrative and selling expenses	(10,534)	(113)	(10,647)
Other operating expenses	(2,026)	(499)	(2,525)
Finance costs	(117)	–	(117)
Profit/(Loss) before income tax	4,179	(539)	3,640
Income tax expense			(684)
Profit after income tax			2,956

30. Segment information (Continued)

Segment assets, liabilities and other information

	Distribution business	Property investment business	Total
	$'000	$'000	$'000
2021			
Assets			
Segment assets	**55,683**	**13,107**	**68,790**
Unallocated assets			**846**
Combined total assets			**69,636**
Liabilities			
Segment liabilities	**15,977**	**210**	**16,187**
Unallocated liabilities			**116**
Combined total liabilities			**16,303**
Other information			
Purchase of property, plant and equipment	**40**	**–**	**40**
Addition of right-of-use assets	**722**	**–**	**722**
Depreciation of property, plant and equipment	**561**	**–**	**561**
Depreciation of right-of-use assets	**604**	**–**	**604**
Depreciation of investment properties	**–**	**331**	**331**
Amortisation of club membership	**19**	**–**	**19**
2020			
Assets			
Segment assets	47,775	13,519	61,294
Unallocated assets			524
Combined total assets			61,818
Liabilities			
Segment liabilities	13,779	191	13,970
Unallocated liabilities			142
Combined total liabilities			14,112
Other information			
Purchase of property, plant and equipment	87	–	87
Addition of right-of-use assets	833	–	833
Depreciation of property, plant and equipment	622	–	622
Depreciation of right-of-use assets	587	–	587
Depreciation of investment properties	–	346	346
Amortisation of club membership	19	–	19
Impairment loss of investment properties	–	461	461
Impairment loss of property, plant and equipment	476	–	476

30. Segment information (Continued)

Geographical information

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

Information about major customers

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

31. Financial instruments and financial risks

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

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

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

Credit risk

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

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

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per SFRS(I) 9's presumption.

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

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

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

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

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

Note 1. Performing

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

Note 2. Doubtful

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

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 3. In default

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

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

Note 4. Write off

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

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

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

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

Trade receivables (Note 11)

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

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

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables (Note 11) (Continued)

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

The loss allowance for trade receivables are determined as follows:

	Not past due	Past due for 0 to 30 days	Past due for 31 to 90 days	Past due more than 90 days	Total
	$'000	$'000	$'000	$'000	$'000
31 December 2021					
Trade receivables identified to be credit impaired	**–**	**–**	**7**	**695**	**702**
Expected credit loss rates	**0.05%**	**0.50%**	**1.00%**	**11.8%**	**–**
Estimated gross carrying amount at default	**4,237**	**910**	**49**	**107**	**5,303**
Expected credit loss	**2**	**5**	*****	**13**	**20**
Loss allowance	**2**	**5**	**7**	**708**	**722**
31 December 2020					
Trade receivables identified to be credit impaired	–	–	17	667	684
Expected credit loss rates	0.05%	0.50%	1.00%	11.8%	–
Estimated gross carrying amount at default	3,971	721	2	74	4,768
Expected credit loss	2	4	*	8	14
Loss allowance	2	4	17	675	698

* Denotes less than $1,000.

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables (Note 11) (Continued)

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

Group	Note (i)	Trade receivables In default	Total
	$'000	**$'000**	**$'000**
Loss allowance			
Balance at 1 January 2020	66	572	638
Financial assets repaid	–	(2)	(2)
Net remeasurement of loss allowance	(52)	114	62
Balance at 31 December 2020	14	684	698
Financial assets repaid	–	(3)	(3)
Net remeasurement of loss allowance	6	42	48
Reversal of unutilised amount	–	(21)	(21)
Balance at 31 December 2021	**20**	**702**	**722**
Gross carrying amount			
At 31 December 2021	**5,303**	**702**	**6,005**
At 31 December 2020	4,768	684	5,452
Net carrying amount			
At 31 December 2021	**5,283**	**–**	**5,283**
At 31 December 2020	4,754	–	4,754

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

Other receivables (Note 12)

As of 31 December 2021, the Company recorded other receivables from subsidiaries of $16,436,000 (2020: $17,082,000) consequent to an extension of advances to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2021, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

As of 31 December 2021, the Group recorded other receivables, advance payment, grant receivable and deposit from third parties of $598,000 (2020: $346,000). The Group assessed the latest performance and financial position of the respective debtors, adjusted for the future outlook of the industry which the debtors operate in, by referring to expert publications on the industry, and for any market talks on the debtors' credit reputation and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial asset. Accordingly, the Group measured the loss allowance using 12-month ECL and determined that the ECL is insignificant.

31. Financial instruments and financial risks (Continued)

Market risks

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

Foreign currency risk

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

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

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

	Group			
	Assets		Liabilities	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
United States dollar	**469**	543	**275**	49

Foreign currency sensitivity analysis

The following table details the sensitivity to a 10% (2020: 10%) increase or decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% (2020: 10%) is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2020: 10%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss.

If the Singapore dollar were to strengthens by 10% (2020: 10%) against the United States dollar, profit or loss will increase or (decrease) by:

	Group	
	2021 $'000	**2020 $'000**
United States dollar impact	**(19)**	(49)

31. **Financial instruments and financial risks** (Continued)

Market risks (Continued)

Interest rate risk

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

Equity price risk

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

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

Equity price sensitivity analysis

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

The sensitivity analysis assumes an instantaneous 10% change (2020: 10%) in the equity prices from the reporting date, with all variables held constant.

	Increase/(Decrease) Group Profit before income tax	
	2021	**2020**
	$'000	**$'000**
Financial assets at fair value through profit or loss	**130**	212

Liquidity risk

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

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

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

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

Group	Effective interest rate	1 year or less	2 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Undiscounted financial assets					
Cash and cash equivalent	–	20,394	–	–	20,394
Trade receivables	–	5,283	–	–	5,283
Other receivables	–	598	–	–	598
As at 31 December 2021		**26,275**	**–**	**–**	**26,275**
Cash and cash equivalent	–	13,526	–	–	13,526
Trade receivables	–	4,754	–	–	4,754
Other receivables	–	346	–	–	346
As at 31 December 2020		18,626	–	–	18,626

Group	Effective Interest rate	1 year or less	2 to 5 years	Over 5 years	Total
	%	$'000	$'000	$'000	$'000
Undiscounted financial liabilities					
Trade payables	–	8,162	–	–	8,162
Other payables and accruals	–	2,613	–	–	2,613
Lease liabilities	3.0%	582	1,115	3,105	4,802
As at 31 December 2021		**11,357**	**1,115**	**3,105**	**15,577**
Trade payables	–	8,003	–	–	8,003
Other payables and accruals	–	1,691	–	–	1,691
Lease liabilities	3.0%	609	993	3,220	4,822
As at 31 December 2020		10,303	993	3,220	14,516
Total undiscounted net financial assets/(liabilities)					
– at 31 December 2021		**14,918**	**(1,115)**	**(3,105)**	**10,698**
– at 31 December 2020		8,323	(993)	(3,220)	4,110

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Company	**Effective interest rate**	**Repayable within 1 year**
	%	**$'000**
Undiscounted financial assets		
Cash and cash equivalents	–	769
Trade receivables	–	1,473
Other receivables	–	16,469
As at 31 December 2021		**18,711**
Cash and cash equivalents	–	488
Trade receivables	–	3,773
Other receivables	–	17,105
As at 31 December 2020		21,366
Undiscounted financial liability		
Other payables and accruals	–	74
As at 31 December 2021		**74**
Other payables and accruals	–	246
As at 31 December 2020		246
Total undiscounted net financial assets		
– at 31 December 2021		**18,637**
– at 31 December 2020		21,120

Financial instruments by category

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

	Note	**Group**		**Company**	
		2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Financial assets at fair value through profit or loss					
Quoted equity instruments	13	**287**	2,118	**–**	–
Unquoted equity instruments	13	**1,016**	–	**–**	–
		1,303	2,118	**–**	–
Financial assets at amortised cost					
Cash and cash equivalents	10	**20,394**	13,526	**769**	488
Trade receivables	11	**5,283**	4,754	**1,473**	3,773
Other receivables	12	**598**	346	**16,469**	17,105
		26,275	18,626	**18,711**	21,366
Total		**27,578**	20,744	**18,711**	21,366

31. Financial instruments and financial risks (Continued)

Financial instruments by category (Continued)

	Note	Group		Company	
		2021 **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Financial liabilities at amortised cost					
Trade payables	20	**8,162**	8,003	**–**	–
Other payables and accruals	21	**2,613**	1,691	**74**	246
Lease liabilities	23	**3,384**	3,338	**–**	–
Total		**14,159**	13,032	**74**	246

32. Fair value of assets and liabilities

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

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

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

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

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

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

32. Fair value of assets and liabilities (Continued)

	Note	Group		
		Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**
2021				
Recurring fair value measurements				
Asset				
Financial assets:				
Financial assets at FVTPL				
– Quoted equity instruments	13	**287**	**–**	**–**
– Unquoted equity instruments	13	**–**	**1,016**	**–**
Financial assets as at 31 December		**287**	**1,016**	**–**
2020				
Recurring fair value measurements				
Asset				
Financial assets:				
Financial assets at FVTPL				
– Quoted equity instruments	13	2,118	–	–
Financial assets as at 31 December		2,118	–	–

33. Contingent liabilities, unsecured

As at the end of the financial year, the Company had given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

34. Capital management policies and objectives

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

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

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

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

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

SHAREHOLDING STATISTICS

AS AT 21 MARCH 2022

Number of issued shares	:	208,000,000
Number of Treasury Shares held	:	257,600
Number of issued shares (excluding treasury shares)	:	207,742,400
Number of Subsidiary Holdings held	:	Nil
% of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares in issue (excluding treasury shares and subsidiary holdings)	:	0.12%
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per share (no vote for treasury shares)

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 21 March 2022, 29.69% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	25	11.41	20,400	0.01
1,001 – 10,000	94	42.92	468,800	0.22
10,001 – 1,000,000	90	41.10	10,729,500	5.16
1,000,001 and above	10	4.57	196,781,300	94.61
	219	100.00	208,000,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%*
1	TL INVESTMENT HOLDINGS PTE. LTD.	131,040,000	63.08
2	LIM TECK SENG	14,560,000	7.01
3	RAFFLES NOMINEES (PTE) LIMITED	14,536,800	7.00
4	KHWAJA ASIF RAHMAN	9,400,000	4.52
5	UOB KAY HIAN PTE LTD	8,053,900	3.88
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	7,531,000	3.63
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,700,000	2.26
8	PHILLIP SECURITIES PTE LTD	2,759,700	1.33
9	FU LIN	2,293,900	1.10
10	CITIBANK NOMS SPORE PTE LTD	1,648,400	0.79
11	GARLICK INVESTMENT HOLDINGS PTE LTD	1,000,000	0.48
12	TAN YEOW SONG	1,000,000	0.48
13	DBS NOMINEES PTE LTD	562,900	0.27
14	NG LIT SIN	460,000	0.22
15	D'OASIS PTE LTD	450,000	0.22
16	SIM CHENG HUAT	400,000	0.19
17	NG TIAN ZHU	347,100	0.17
18	TAY SOK CHENG	260,000	0.13
19	LIM AND TAN SECURITIES PTE LTD	221,000	0.11
20	HSBC (SINGAPORE) NOMINEES PTE LTD	213,000	0.10
		201,437,700	96.97

* The percentage is calculated based on the number of issued ordinary shares of the Company as at 21 March 2022, excluding 257,600 shares held as treasury shares as at that date.

SUBSTANTIAL SHAREHOLDERS

	Shareholdings Registered in the Name of Substantial Shareholder		Shareholdings in which the Substantial Shareholders are Deemed to be Interested	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
TL Investment Holdings Pte. Ltd. (formerly known as Lim Trust Pte. Ltd.)	131,040,000	63.08	–	–
Mr Lim Teck Chuan[(1)]	–	–	131,040,000	63.08
Mr Lim Teck Seng[(2)]	14,560,000	7.01	260,000	0.13

Note:–

(1) Mr Lim Teck Chuan holds 100% of the issued share capital of TL Investment Holdings Pte. Ltd.. Accordingly, Mr Lim Teck Chuan is deemed to be interested in all the shares held by TL Investment Holdings Pte. Ltd. by virtue of Section 7 of the Singapore Companies Act 1967.

(2) Mr Lim Teck Seng is deemed to be interested in the 260,000 shares held by his spouse, Mdm Tay Sok Cheng by virtue of Section 7 of the Singapore Companies Act 1967.

APPENDIX

APPENDIX DATED 8 APRIL 2022

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

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

This Appendix is circulated to the Shareholders (as defined herein) of Choo Chiang Holdings Ltd. (the "**Company**") together with the Company's annual report for the financial year ended 31 December 2021 ("**Annual Report**"). Its purpose is to explain to Shareholders the rationale and provide information relating to, and to seek Shareholders' approval for, the proposed renewal of the Share Buy-back Mandate (as defined herein) to be tabled at the AGM (as defined herein) of the Company to be held on Wednesday, 27 April 2022 at 11:00 a.m. by way of electronic means.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) observing and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolution to be tabled for approval in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM. Please refer to the Notice of AGM dated 8 April 2022 for further information, including the steps to be taken by Shareholders to participate at the AGM.

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

The notice of AGM and the proxy form are enclosed with the Annual Report 2021.

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

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

CHOO CHIANG

CHOO CHIANG HOLDINGS LTD.

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

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

APPENDIX

DEFINITIONS

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

"2021 AGM"	:	The Annual General Meeting of the Company convened on 28 April 2021 to seek Shareholders' approval for the proposed renewal of the Share Buy-back Mandate.
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The Annual General Meeting of the Company
"Appendix"	:	This Appendix to Shareholders dated 8 April 2022 in relation to the proposed renewal of the Share Buy-back Mandate
"Approval Date"	:	The date of the forthcoming AGM, being 27 April 2022, whereby the approval for the renewal of the Share Buy-back Mandate is sought
"Associate"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more, or such other definition as the Catalist Rules may from time to time prescribe
"associated company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group.
"Board"	:	The Board of Directors of the Company as at the date of this Appendix
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Singapore Companies Act 1967, as amended, modified or supplemented from time to time

APPENDIX

"Company"	:	Choo Chiang Holdings Ltd.
"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"Controlling Shareholder"	:	A person (including a corporation) who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises Control over the Company
"Directors"	:	The directors of the Company as at the date of this Appendix
"EPS"	:	Earnings per Share
"FY"	:	Financial year of the Company ended or ending 31 December (as the case may be)
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	21 March 2022, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"Relevant Period"	:	The period commencing from the date on which the ordinary resolution relating to the proposed renewal of the Share Buy-back Mandate is passed in a general meeting and expiring on the earliest of (a) the date on which the next AGM is held or is required by law to be held, (b) the date on which the Share Buy-back are carried out to the full extent mandated, or (c) the date the Share Buy-back Mandate is revoked or varied by the Shareholders in a general meeting
"Securities Account"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buy-back(s)"	:	The purchase or acquisition by the Company of its own issued and fully paid-up Shares

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

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

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

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

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and to dates in this Appendix shall be a reference to Singapore time and dates, respectively, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

APPENDIX

CHOO CHIANG HOLDINGS LTD.

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

Directors	**Registered Office**
Mr Lim Teck Chuan, Thomas *(Executive Chairman and CEO)*	10 Woodlands Loop
Mr Lim Teck Seng, Rocky *(Executive Director)*	Singapore 738388
Mr Lim Teck Chai, Danny *(Lead Independent Director)*	
Mr Sho Kian Hin, Eric *(Independent Director)*	
Mr Tan Soon Liang *(Independent Director)*	

8 April 2022

To: The Shareholders of Choo Chiang Holdings Ltd.

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

1.1 The Directors propose to seek the approval of Shareholders at the forthcoming AGM to be held on Wednesday, 27 April 2022 at 11:00 a.m. by way of electronic means for the proposed renewal of the Share Buy-back Mandate.

1.2 The purpose of this Appendix is to provide Shareholders with information relating to, and to seek approval for the proposed renewal of the Share Buy-back Mandate.

1.3 This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if such purchase or acquisition is permitted under its constitution. Any purchase or acquisition of shares by the company would also have to be made in accordance with, and in the manner prescribed by, the Companies Act, its constitution and the Catalist Rules (in particular Part XI of Chapter 8 of the Catalist Rules which relates to Share Buy-backs) and such other laws and regulations as may for the time being be applicable. Regulation 70(2) of the Company's Constitution expressly permits the Company to carry out Share Buy-backs.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the approval of Shareholders is being sought at the forthcoming AGM for the renewal of the Share Buy-back Mandate.

At the 2021 AGM, the Shareholders had approved the renewal of the Share Buy-back Mandate. The authority and limitations of the Share Buy-back Mandate were set out in the Appendix to the FY2020 Annual Report and the ordinary resolution in the notice of the 2021 AGM dated 13 April 2021, respectively. The authority contained in the Share Buy-back Mandate renewed at the 2021 AGM was expressed to continue in force until the next annual general meeting of the Company and, as such, would be expiring on 27 April 2022, being the date of the forthcoming AGM. Accordingly, the Directors propose that the Share Buy-back Mandate be renewed at the forthcoming AGM.

If approved by Shareholders at the AGM, the authority conferred by the Share Buy-back Mandate will continue to be in force until the conclusion of the next AGM or the date by which such an AGM is required to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which the Share Buy-backs have been carried out to the full extent mandated or the date the Share Buy-back Mandate is varied or revoked by the Shareholders at a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

Subject to its continued relevance to the Company, the Share Buy-back Mandate will be put to Shareholders for renewal at each subsequent AGM.

2.2 Rationale for the Share Buy-back Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) The Share Buy-back Mandate will help to mitigate short-term price volatility (by way of stabilising the supply and demand of Shares) and offset the effects of short-term speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence.

(b) The Share Buy-back Mandate would provide the Company with the flexibility to conduct Share Buy-backs up to the 10% limit described in paragraph 2.3 (a) below at any time, during the period when the Share Buy-back Mandate is in force. This would allow the Board to better manage the capital structure, dividend payout and cash reserves of the Group.

(c) It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders.

(d) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share Buy-backs may be considered as one of the ways through which the return on equity of the Group may be enhanced.

(e) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes implemented by the Company.

Shareholders should note that Share Buy-backs will be made only when the Board considers it to be in the best interests of the Company and the Shareholders and in circumstances which will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.3 **Authority and limits of the Share Buy-back Mandate**

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy-back Mandate are summarised below:

(a) **Maximum number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Share Buy-back Mandate is limited to such number of Shares representing not more than 10% of the total number of issued Shares of the Company as at Approval Date, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

For illustrative purposes, based on the existing issued and paid-up share capital of the Company comprising 207,742,400 Shares (excluding 257,600 treasury shares and Nil subsidiary holdings) as at the Latest Practicable Date, and assuming that (a) there are no changes made to the share capital of the Company on or prior to the forthcoming AGM, and (b) no further Shares are purchased and held as Treasury Shares, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 20,774,240 Shares.

While the Share Buy-back Mandate would authorise Share Buy-backs up to 10% of the issued and paid-up Shares as at Approval Date, the Share Buy-backs may not be carried out to the full extent mandated to comply with the public float requirements in Rule 723 of the Catalist Rules or should the Share Buy-backs result in market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

(b) **Duration of authority**

Pursuant to the Share Buy-back Mandate, Share Buy-backs may be made during the Relevant Period, at any time and from time to time, from the Approval Date, up to the earliest of:

(i) the date on which the next AGM is held or required by law to be held;

(ii) the date on which the Share Buy-backs are carried out to the full extent mandated under the Share Buy-back Mandate; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Shareholders at a general meeting.

The Share Buy-back Mandate may be renewed at each AGM or any other general meeting of the Company.

(c) **Manner of Share Buy-backs**

Share Buy-backs under the Share Buy-back Mandate can be effected by the Company by way of:

(i) on-market purchases, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buy-back ("**Market Purchases**"); and/or

(ii) off-market purchases transacted otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act) ("**Off-Market Purchase**").

For Off-Market Purchase, the Directors may impose such terms and conditions, which are consistent with the Share Buy-back Mandate, the Companies Act, the Catalist Rules, the Constitution and other applicable laws and regulations in respect of an equal access scheme. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the Share Buy-backs shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:

(A) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;

(B) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and

(C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the Share Buy-back;

(iv) the consequences, if any, of the Share Buy-backs by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the Share Buy-backs, if made, would have any effect on the listing of the Shares on the SGX-ST;

(vi) details of any Share Buy-backs made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and

(vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

(d) **Maximum price to be paid for the Shares**

The purchase price (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting Share Buy-backs under the Share Buy-back Mandate. However, the purchase price to be paid for the Shares for the Share Buy-backs must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

in either case, excluding related expenses of the Share Buy-back (“**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, immediately preceding the day on which the Market Purchase was made, or as the case may be, the Offer Date (as defined below) for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Day period; and

“**Offer Date**” means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares

Shares purchased or otherwise acquired by the Company under a Share Buy-back are deemed cancelled immediately on completion of the Share Buy-back (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates (where applicable) in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any such Share Buy-back.

2.5 Treasury shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) **Maximum holdings**

The total aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within 6 months beginning on the date on which the contravention occurs or such further periods as ACRA may allow.

(b) **Voting and other rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at general meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) **Disposal and cancellation**

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

2.6 Reporting requirements

(a) **Notification to the ACRA**

Within 30 days of the passing of a Shareholders' resolution to approve the proposed renewal of the Share Buy-back Mandate, the Company shall lodge a copy of such resolution with the ACRA.

The Company shall also lodge with ACRA a notice of the Share Buy-back, within 30 days of such purchase or acquisition. Such notification shall include, *inter alia*, the date of the Share Buy-back, the total number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the Company's issued share capital before and after the Share Buy-backs, the amount of consideration paid for the Share Buy-backs and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed from time to time.

In addition, within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA a notice of cancellation or disposal of treasury shares with such information as may be prescribed from time to time.

(b) **Notification to the SGX-ST**

Rule 871 of the Catalist Rules specifies that a listed company must make an announcement on SGXNET of all purchases or acquisitions of its shares no later than 9.00 a.m.:

(i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

(ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer.

Such announcement shall include, inter alia, the maximum number of Shares authorised for purchase or acquisition, the date of the Share Buy-backs, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the purchase price per Share or (in the case of Market Purchases) the highest price and lowest price per Share, the total consideration paid for the Shares, the number of issued Shares after purchase or acquisition and such other information as may be prescribed from time to time. The announcement must be in the form of Appendix 8D prescribed by the Catalist Rules.

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include the date of usage, the purpose of usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares before and after the usage, the value of the treasury shares comprised in the usage and such other information as may be prescribed from time to time.

2.7 Sources of funds

In purchasing Shares under the Share Buy-back Mandate, the Company may only apply funds legally available for Share Buy-backs as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, Share Buy-backs may be made out of the Company's distributable profits or capital so long as the Company is solvent. In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

Pursuant to Section 76F(4) of the Companies Act, a company is "**solvent**" if, at the date of payment for the relevant Share Buy-back, the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if,

  (i) it is intended to commence the winding up of the company within the period of 12 months immediately after the date of payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

  (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's Share Buy-backs pursuant to the Share Buy-back Mandate. The Directors do not propose to exercise the Share Buy-back Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

2.8 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buy-back Mandate on the NAV and EPS of the Company and the Group as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Share Buy-back scenarios discussed below in this Section 2.8 are for illustrative purposes only and under the following assumptions:

(a) The Share Buy-back Mandate has been effective from 1 January 2021;

(b) Based on 207,742,400 Shares (excluding 257,600 treasury shares and Nil subsidiary holdings) in issue as at the Latest Practicable Date and assuming no change in share capital on or prior to Approval Date, the Company carried out Share Buy-backs in respect of 20,774,240 Shares (representing 10% of the total number of Shares);

(c) **In the case of Market Purchases by the Company**, assuming that the Company purchases or acquires 20,774,240 Shares at the Maximum Price of $0.340 for each Share (being the price equivalent to 105% of the Average Closing Price immediately preceding the Latest Practicable Date), the maximum amount of funds required is approximately $7,063,000.

In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires 20,774,240 Shares at the Maximum Price of $0.390 for each Share (being the price equivalent to 120% of the Average Closing Price immediately preceding the Latest Practicable Date), the maximum amount of funds required is approximately $8,101,000;

(d) The Share Buy-backs are funded entirely by internal resources; and

(e) Transaction costs incurred for the Share Buy-backs are assumed to be insignificant and have been disregarded for the purpose of computing the financial effects.

For illustrative purposes only, and based on the assumptions set out above, the financial effects of (i) Share Buy-backs of 20,774,240 Shares by the Company made entirely out of capital and the purchased shares are held in treasury; and (ii) Share Buy-backs of 20,774,240 Shares by the Company made entirely out of capital and the purchased shares are cancelled on the audited consolidated financial statements of the Company and the Group for FY2021 are set out below:

Scenario 1 – Purchases made entirely out of capital and held as treasury shares

(i) **Market Purchases**

As at 31 December 2021	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	8,020	8,020	8,020
Accumulated profits	45,372	45,372	12,781	12,781
Treasury shares	(59)	(7,122)	(59)	(7,122)
Equity attributable to owners of the Company	53,333	46,270	20,742	13,679
NAV(1)	53,333	46,270	20,742	13,679
Cash and cash equivalents	20,394	13,331	769	769(2)
Current Assets	46,686	39,623	18,754	18,754
Current Liabilities	13,264	13,264	122	7,185
Working capital	33,422	26,359	18,632	11,569
Total borrowings	–	–	–	7,063
Profit attributable to owners of the Company	8,568	8,568	358	358
Number of Shares	207,742,400	186,968,160	207,742,400	186,968,160
Financial Ratios				
NAV per Share (cents)(2)	25.67	24.75	9.98	7.32
Current Ratio (times)(3)	3.52	2.99	153.72	2.61
Basic EPS (cents)(5)	4.12	4.58	0.17	0.19

(ii) **Off-Market Purchases**

As at 31 December 2021	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	8,020	8,020	8,020
Accumulated profits	45,372	45,372	12,781	12,781
Treasury shares	(59)	(8,160)	(59)	(8,160)
Equity attributable to owners of the Company	53,333	45,232	20,742	12,641
NAV[(1)]	53,333	45,232	20,742	12,641
Cash and cash equivalents	20,394	12,293	769	769[(2)]
Current Assets	46,686	38,585	18,754	18,754
Current Liabilities	13,264	13,264	122	8,223
Working capital	33,422	25,321	18,632	10,531
Total borrowings	–	–	–	8,101
Profit attributable to owners of the Company	8,568	8,568	358	358
Number of Shares	207,742,400	186,968,160	207,742,400	186,968,160
Financial Ratios				
NAV per Share (cents)[(3)]	25.67	24.19	9.98	6.76
Current Ratio (times)[(4)]	3.52	2.91	153.72	2.28
Basic EPS (cents)[(5)]	4.12	4.58	0.17	0.19

APPENDIX

Scenario 2 – Purchases made out of capital and cancelled

(i) **Market Purchases**

As at 31 December 2021	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	898	8,020	898
Accumulated profits	45,372	45,372	12,781	12,781
Treasury shares	(59)	–	(59)	–
Equity attributable to owners of the Company	53,333	46,270	20,742	13,679
NAV[1]	53,333	46,270	20,742	13,679
Cash and cash equivalents	20,394	13,331	769	769[2]
Current Assets	46,686	39,623	18,754	18,754
Current Liabilities	13,264	13,264	122	7,185
Working capital	33,422	26,359	18,632	11,569
Total borrowings	–	–	–	7,063
Profit attributable to owners of the Company	8,568	8,568	358	358
Number of Shares	207,742,400	186,968,160	207,742,400	186,968,160
Financial Ratios				
NAV per Share (cents)[3]	25.67	24.75	9.98	7.32
Current Ratio (times)[4]	3.52	2.99	153.72	2.61
Basic EPS (cents)[5]	4.12	4.58	0.17	0.19

(ii) **Off-Market Purchases**

As at 31 December 2021	Before Share Buy-back	After Share Buy-back	Before Share Buy-back	After Share Buy-back
	Group		Company	
	$'000	$'000	$'000	$'000
Share capital	8,020	(140)	8,020	(140)
Accumulated profits	45,372	45,372	12,781	12,781
Treasury shares	(59)	–	(59)	–
Equity attributable to owners of the Company	53,333	45,232	20,742	12,641
NAV(1)	53,333	45,232	20,742	12,641
Cash and cash equivalents	20,394	12,293	769	769(2)
Current Assets	46,686	38,585	18,754	18,754
Current Liabilities	13,264	13,264	122	8,223
Working capital	33,422	25,321	18,632	10,531
Total borrowings	–	–	–	8,101
Profit attributable to owners of the Company	8,568	8,568	358	358
Number of Shares	207,742,400	186,968,160	207,742,400	186,968,160
Financial Ratios				
NAV per Share (cents)(3)	25.67	24.19	9.98	6.76
Current Ratio (times)(4)	3.52	2.91	153.72	2.28
Basic EPS (cents)(5)	4.12	4.58	0.17	0.19

Notes:

(1) NAV represents total assets less total liabilities.
(2) The Company will procure loans from its subsidiaries of an amount sufficient to finance the Share Buy-backs being S$7.063 million for Market Purchases and S$8.101 million for Off-Market Purchases.
(3) NAV per Share is computed based on NAV divided by the number of Shares in issue.
(4) Current ratio equals current assets divided by current liabilities.
(5) Basic EPS is computed based on profit attributable to owners of the Company divided by the number of Shares in issue.

Shareholders should note that the financial effects set out above are based on certain assumptions and are purely for illustrative purposes only. In particular, it is important to note that the above illustration is based on the audited consolidated financial statements of the Company and the Group for FY2021, and is not necessarily representative of the future financial performance of the Company or the Group.

The Board will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buy-back before execution. Although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

2.9 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any Share Buy-backs are set out below.

(a) **Obligations to make a take-over offer**

If, as a result of any Share Buy-back, a Shareholder's proportionate interest in the voting capital of the Company and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a mandatory take-over offer under Rule 14 of the Take-over Code, unless the conditions for exemption pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code are satisfied.

(b) **Persons acting in concert**

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any companies whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vi) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act in accordance to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, will incur an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

(c) **Effect of Rule 14 and Appendix 2 of the Take-over Code**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted pursuant to paragraph 3(a) of Appendix 2 of the Take-over Code, a Director and his Concert Parties will incur an obligation to make a mandatory take-over offer under Rule 14 if, as a result of the Company carrying out a Share Buy-back, the voting rights of such Director and his Concert Parties would increase to 30% or more, or in the event that such Director and his Concert Parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Director and his Concert Parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Shareholder and his Concert Parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Buy-back Mandate.

(d) **Application of the Take-over Code**

Details of the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date are set out in Section 3 below.

As at the Latest Practicable Date, Mr Lim Teck Chuan, the Executive Chairman and Chief Executive Officer holds 63.08% of the issued and paid-up share capital of the Company while Mr Lim Teck Seng, our Executive Director holds 7.14% of the issued and paid-up share capital of the Company (collectively, the "**Relevant Shareholders**"). Mr Lim Teck Chuan and Mr Lim Teck Seng are brothers and hence are presumed to be parties acting in concert in relation to their interests in the Company.

As the Relevant Shareholders hold more than 50.0% of the voting rights in the Company, the Relevant Shareholders and parties acting in concert with them are not expected to incur an obligation to make a mandatory take-over offer for the Shares under Rule 14.1 of the Take-over Code as a result of the Company buying back its Shares under the Share Buy-back Mandate.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Singapore Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.10 Tax implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of purchase or acquisition of Shares by the Company or who may be subject to tax, whether in or outside Singapore, should consult their professional advisers.

2.11 Catalist Rules

(a) While the Catalist Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, because the listed company would be regarded as an "**insider**" in relation to any purchase or acquisition of its issued shares, the Company will not undertake Share Buy-backs at any time after any matter or development of a price-sensitive or trade-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive or trade-sensitive information has been publicly announced. Further, in line with the best practices on dealing with securities stipulated in the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period commencing one month immediately preceding the announcement of the Company's half-year or full-year results.

(b) The Company does not have any individual shareholding limit or foreign shareholding limit. Rule 723 of the the Catalist Rules requires a listed company to ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed must be held by public Shareholders. Where such percentage falls below 10%, the SGX-ST may at any time suspend trading of the shares of the listed company. The term "**public**", as defined under the Catalist Rules, are persons other than (i) the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholder of the Company and its subsidiaries; and (ii) Associates of the persons in (i).

As at the Latest Practicable Date, approximately 61,682,400 Shares, representing 29.69% of the total number of issued Shares are held by public Shareholders. **For illustrative purposes only**, assuming the Company exercises the Share Buy-back Mandate in full and purchases 10% of the total number of issued Shares through Market Purchases from the public, the public float would be reduced to approximately 40,908,160 Shares, representing approximately 19.69% of the total number of issued Shares.

The Directors will use their best efforts to ensure that the Company does not effect Share Buy-backs if it would result in the number of issued Shares remaining in the hands of the public falling below 10% of the total number of issued Shares, thereby affecting the listing status of the Company. Before deciding to effect a Share Buy-back, the Directors will ensure that, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

2.12 Share Buy-backs in the previous 12 months

The following are details of purchases or acquisitions of Shares made by the Company during the period from the date of 2021 AGM, to the Latest Practicable Date.

Date of purchase	Number of Shares purchased	Highest price paid per Share	Lowest price paid per Share	Total consideration paid
		S$	**S$**	**S$**
04 May 2021	40,000	0.240	0.240	9,632.36
13 September 2021	20,000	0.250	0.250	5,029.27
Total	**60,000**			**14,661.63**

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the issued share capital of the Company, as recorded in the register of Directors' shareholdings and the register of Substantial Shareholders of the Company respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
Directors	**Number of Shares**	**%**(1)	**Number of Shares**	**%**(1)
Mr Lim Teck Chuan, Thomas(2)	–	–	131,040,000	63.08
Mr Lim Teck Seng, Rocky(3)	14,560,000	7.01	260,000	0.13
Mr Lim Teck Chai, Danny(4)	–	–	130,000	0.06
Substantial Shareholders				
TL Investment Holdings Pte. Ltd.	131,040,000	63.08	–	–

Notes:

(1) Based on the total number of issued shares of the Company (excluding Treasury Shares) as at the Latest Practicable Date.

(2) Mr Lim Teck Chuan holds 100% of the issued share capital of TL Investment Holdings Pte. Ltd.. Accordingly, Mr Lim Teck Chuan is deemed to be interested in all the shares held by TL Investment Holdings Pte. Ltd. in the Company by virtue of Section 7 of the Singapore Companies Act 1967.

(3) Mr Lim Teck Seng is deemed to be interested in the 260,000 shares held by his spouse, Tay Sok Cheng by virtue of Section 7 of the Singapore Companies Act 1967.

(4) Mr Lim Teck Chai, Danny is deemed to be interested in the 130,000 shares held via iFast Financial Pte. Ltd..

Save for their respective shareholding interests in the Company, none of the Directors and to the best of the Directors' knowledge, none of the Substantial Shareholders has any direct or indirect interest in the proposed renewal of the Share Buy-back Mandate.

4. DIRECTORS' RECOMMENDATION

After having considered the rationale and the information relating to the proposed renewal of the Share Buy-back Mandate, the Directors are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the proposed renewal of the Share Buy-back Mandate as set out in the notice of AGM.

APPENDIX

5. **ACTION TO BE TAKEN BY SHAREHOLDERS**

A Shareholder who is unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on his behalf must complete, sign and return the proxy form attached to the Company's annual report for FY2021 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 10 Woodlands Loop Singapore 738388, not less than 48 hours before the time appointed for holding the AGM.

The completion and return of a proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for holding the AGM.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

7. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the registered office of the Company at 10 Woodlands Loop Singapore 738388, during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Company's Constitution; and

(b) the Annual Report of the Company for FY2021.

Yours faithfully

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

Lim Teck Chuan, Thomas
Executive Chairman and Chief Executive Officer

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **Choo Chiang Holdings Ltd.** (the "**Company**") will be held by way of electronic means on Wednesday, 27 April 2022 at 11.00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt one-tier dividend of 1.3 Singapore cents per ordinary share (2020: 0.7 Singapore cents per ordinary share) for the financial year ended 31 December 2021. **(Resolution 2)**

3. To re-elect Mr Lim Teck Seng, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as a Director of the Company. **(Resolution 3)**

4. To re-elect Mr Tan Soon Liang, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as a Director of the Company.

   [See Explanatory Note (i)] **(Resolution 4)**

5. To approve the sum of S$130,000.00 as Directors' fees for the financial year ending 31 December 2022 and the payment thereof on a half yearly basis. (2021: S$130,000.00) **(Resolution 5)**

6. To re-appoint Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other business that may be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. **Authority to allot and issue shares in the capital of the Company**

   That pursuant to Section 161 of the Singapore Companies Act 1967 ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the Constitution of the Company (the "**Constitution**"), authority be and is hereby given to the Directors to (i) allot and issue new ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and/or (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

   (a) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the

Instruments) other than on a pro-rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub- paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) and Instruments that may be issued under sub-paragraph (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution, after adjusting for: (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new Shares arising from exercising of any share options or vesting of share awards outstanding and/or subsisting at the time of passing of this resolution provided that such share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(c) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (ii)] **(Resolution 7)**

9. **Authority to grant awards and issue shares pursuant to the Choo Chiang Performance Share Plan**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the rules of the Choo Chiang Performance Share Plan (the "**PSP**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (1) the number of Shares issued and issuable and/or transferred or transferable in respect of all awards granted thereunder; and (2) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed fifteen percent (15%) of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of award and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

10. **Renewal of the Share Buy-back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for such purpose (the "**On-Market Share Buy-back**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules (the "**Off-Market Share Buy-back**"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy-back Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date by which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated.

(the "**Relevant Period**")

(c) in this resolution:

"**Maximum Limit**" means the number of Shares representing ten per cent (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the Annual General Meeting at which the proposed renewal of the Share Buy-back Mandate is approved, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier, or until it is varied or revoked by the Company in general meeting, after the date of the passing of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-back, 105% of the Average Closing Market Price of the Shares; and

(ii) in the case of an Off-Market Share Buy-back, 120% of the Average Closing Market Price of the Shares,

where:

"**Average Closing Market Price**" means the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases are made; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (iv)] **(Resolution 9)**

By Order of The Board

Morland Fu
Lai Foon Kuen
Company Secretaries
Singapore, 8 April 2022

Explanatory Notes on Ordinary Resolutions to be passed:

(i) Mr Tan Soon Liang, if re-elected, will remain as the Company's Independent Director and the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees respectively. The Board considers Mr Tan Soon Liang to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Ordinary Resolution 7, if passed, will empower the Directors (from the date of this Annual General Meeting until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier) to allot and issue Shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the total number of Shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(iii) Ordinary Resolution 8, if passed, will empower the Directors (from the date of this Annual General Meeting until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier) to offer and grant Awards under the PSP, and to allot and issue Shares pursuant to the vesting of Awards granted under the PSP, provided that the aggregate number of Shares issued and issuable pursuant to the PSP, when added to (1) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (2) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or Awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed fifteen percent (15%) of the total number of issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the day preceding the relevant date of Award and from time to time.

(iv) Ordinary Resolution 9, if passed, will empower the Directors during the Relevant Period, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the resolution passed by Shareholders for the Share Buy-back Mandate on the terms of the Share Buy-back Mandate as set out in the Annexure. The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buy-back Mandate.

Notes:

1. In view of the circuit breaker measures applicable as of the date of this Notice up to 1 June 2020 and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the Annual General Meeting (the **"Meeting or AGM**") of the Company will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the SGX website.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "Instructions to Shareholders for AGM 2021".

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. The live webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. Investors whose shares are held with relevant intermediaries under Section 181(1C) of the Companies Act 1967 such as CPF and SRS investors, who wish to appoint the Chairman of the Meeting as proxy, should approach their respective intermediaries such as CPF Agent Banks or SRS Operators.

6. The Proxy Form must be submitted through any one of the following means: (a) by depositing a physical copy at the registered office of the Company's at No. 10 Woodlands Loop, Singapore 738388 or (b) by sending a scanned PDF copy by email to agm@choochiang.com, in each case, not less than 48 hours before the time fix for holding the Meeting, and failing which, the Proxy Form will not be treated as valid. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.** Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members are advised to check the announcement on SGXNET for the latest updates on the status of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting which was delivered by a member to the Company before 11.00 a.m. on 25 April 2022 as a valid instrument appointing the Chairman of the Meeting as the member's proxy to attend, speak and vote at the Meeting if: (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and (b) the member has not withdrawn the appointment.

8. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of Chairman of the Meeting as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

IMPORTANT NOTE
SHAREHOLDERS MUST NOTE THE FOLLOWING IN RELATION TO THE AGM.

I. REGISTRATION

(A) Shareholders are entitled to watch the AGM proceedings via your mobile phones, tablets or computers.

Shareholders are required to pre-register their participation in the AGM by sending the following details:

(i) Full name (as per CDP/SRS account records);
(ii) NRIC/Passport No./Company Registration No.; and
(iii) Contact number and email address;

to *agm@choochiang.com* by no later than 11.00 a.m. on 25 April 2022 ("**Registration Deadline**") for verification of their status as shareholders (or corporate representatives of such shareholders ("**Pre-registration**")).

(B) Following the verification, authenticated Shareholders will receive an email by 25 April 2022 containing instructions to access the Live AGM Webcast.

Shareholders must not forward the unique link to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

Shareholders who register by the Registration Deadline but do not receive an email response by 25 April 2022 may contact the Company for assistance at (65) 6586 8101 or email us at *agm@choochiang.com*.

II. VOTING BY PROXY

(A) Shareholders who wish to vote at the AGM must submit the Proxy Form to appoint the Chairman of the AGM to cast votes on your behalf.

(B) The Proxy Form must be submitted by:

(i) physical mail to the Company's registered office at 10 Woodlands Loop, Singapore 738388; or

(ii) electronic mail to *agm@choochiang.com*,

by no later than the Registration Deadline, being 48 hours before the time fixed for the AGM.

Shareholders who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or sending it by email to the email address provided above.

(C) CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 April 2022.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

III. SUBMISSION OF QUESTIONS PRIOR TO THE AGM

(A) Shareholders will not be able to ask questions during the Live AGM Webcast, therefore it is important for shareholders to register and submit their questions related to the resolutions to be tabled at the AGM in advance. Shareholders may submit their questions related to the AGM via email at *agm@choochiang.com* so they may be addressed before or during the AGM proceedings. All questions must be submitted by 11.00 a.m. on 15 April 2022.

(B) The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received in advance of the AGM latest by 11.00 a.m. on 22 April 2022. After the cut-off time for the submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM.

(C) The responses to such questions from Shareholders will also be posted on the SGXNet and the Company's website within one (1) month from the date of the AGM.

IV. DOCUMENTS

(A) The Circular, Notice of AGM and accompanying Proxy Form will be sent to Shareholders solely by electronic means via publication on our corporate website and will also be made available on the SGX website. Printed copies of these documents will not be sent to Shareholders.

Please refer to the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at https://www.choochiang.com/investor-relations/#docs for the (i) Circular, (ii) Notice of the AGM, and (iii) Proxy Form.

(B) Minutes of the AGM will be provided within one month after the AGM on SGXNet and Company's website at https://www.choochiang.com/investor-relations/#docs.

Important reminder: The Company would remind Shareholders that, with the evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the Company and SGX website for updates on the AGM.

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CHOO CHIANG HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201426379D)

IMPORTANT
1. Please read the subsequent Notes to the Proxy Form.

PROXY FORM

I/We ____________________ NRIC/Passport/Co.Registration No. ____________

of ____

being a member/members of CHOO CHIANG HOLDINGS LTD. hereby appoint the Chairman of the annual general meeting of the Company ("**AGM**" or "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting, to be held by electronic means on Wednesday, 27 April 2022 at 11.00 a.m. and at any adjournment thereof.

No.	Resolutions Relating To:	Number of Votes		
		For*	Against*	Abstain*
	AS ORDINARY BUSINESS			
1	Adoption of Directors' Statement and the audited financial statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon			
2	Payment of proposed final tax exempt one-tier dividend of 1.3 Singapore cents per ordinary share for the financial year ended 31 December 2021			
3	Re-election of Mr Lim Teck Seng as a Director			
4	Re-election of Mr Tan Soon Liang as a Director			
5	Approval of Directors' fees for the financial year ending 31 December 2022			
6	Re-appointment of Mazars LLP as auditors			
	AS SPECIAL BUSINESS			
7	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act			
8	Authority to grant awards and issue shares pursuant to the Choo Chiang Performance Share Plan			
9.	Renewal of the Share Buy-back Mandate			

* *If you wish to exercise all your votes, please indicate your vote "For" or "Against" or "Abstain" with a "√" within the boxes provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number "Abstain" in the boxes provided for the resolutions.*

Dated this _______ day of ______________ 2022

Total Number of Shares Held

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001, you should insert that number of Shares. If you have Shares registered in your name in the register of Shareholders of our Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the register of Shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the register of Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The proxy form may be accessed on the SGX website.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. This instrument appointing the Chairman of the Meeting as proxy must:

   (a) if sent personally or by post, be lodged at the registered office of the Company at No. 10 Woodlands Loop, Singapore 738388; or

   (b) if submitted by email, please email to agm@choochiang.com,

   in either case, by 11.00 a.m. on 25 April 2022 (being not less than 48 hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

5. For any member who acts as an intermediary pursuant to Section 181(6) of the Singapore Companies Act 1967 ("**Companies Act**") who is either:

   (a) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.

   Investors whose shares are held with relevant intermediaries including CPF and SRS investors, who wish to appoint the Chairman of the Meeting as proxy, should approach their respective intermediaries such as SRS Operators to submit their voting instructions at least seven (7) working days prior to the date of the AGM.

6. The instrument appointing the Chairman of the Meeting must be under the hand of the appointor or of his attorney duly authorised in writing or where it is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall if required by law, be duly stamped must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy/(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2022.

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CHOO CHIANG

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