Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Choo Chiang Holdings Ltd.

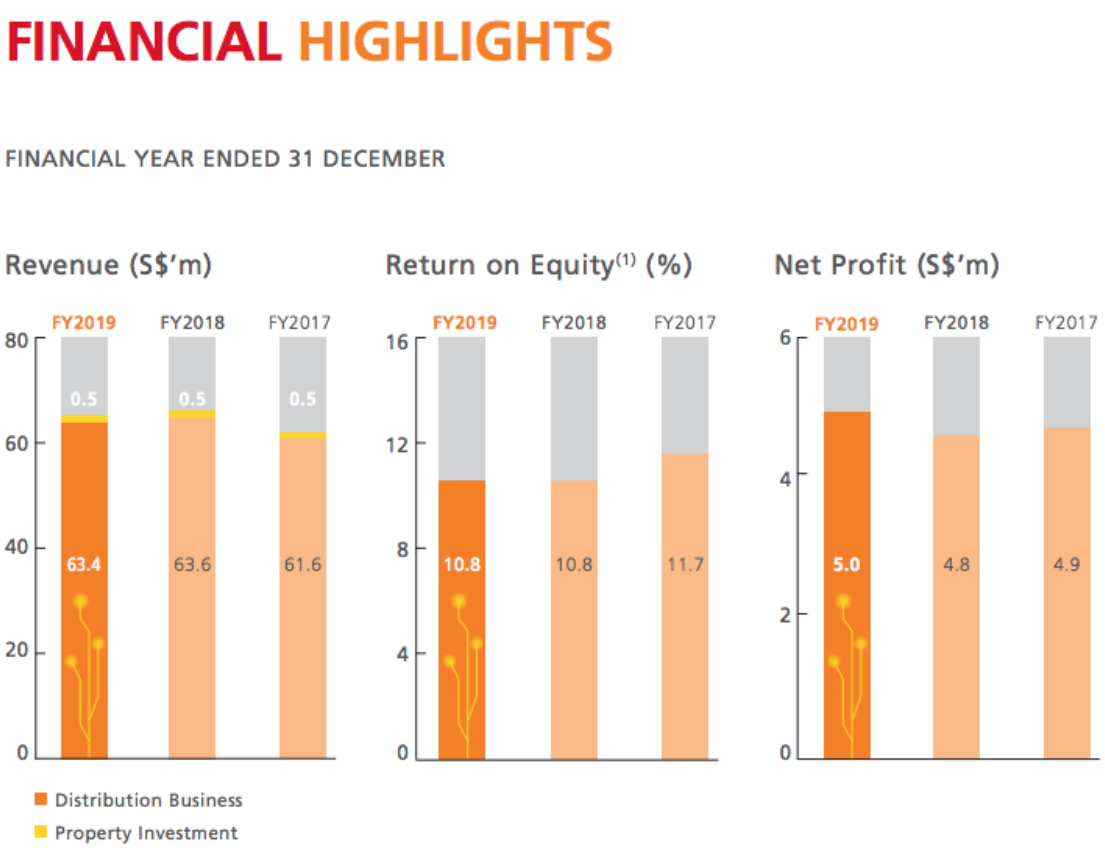
Stock code: 42E

Meeting details:
Date: 30 April 2020
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As shown in the financial highlight (page 8 of the annual report; abstract reproduced below), the group's revenue remained steady at $63.8 million while profit for the year increased slightly by 4.2% to hit $5.04 million.



(Source: company annual report)

For the distribution business, revenue has ranged from $61.6 million to $64.6 million from FY2015-FY2019, averaging $63.3 million over the 5 years.

(i) **With sales stagnating for the past 5 years, can management help shareholders understand the growth opportunities in the local market?**

In the company's offer document dated 29 June 2015, expansion of the group's operations into overseas markets was listed as one of the group's business strategies and future plans after its listing.

(ii) **Can the board/management update shareholders if it is still actively pursuing a regional expansion?**

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Q2. The "Impairment on trade receivables" is a key audit matter (KAM) highlighted by the Independent Auditor's in their Report on the Audit of the Financial Statements (page 18). Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

From Note 7 (page 88 – Trade receivables), trade receivables that are identified to be credit impaired increased to $572,000 from $400,000 a year ago. In particular, the Lifetime expected credit losses ("ECL") of trade receivables >90 days past due increased from $331,000 to $569,000.

	Group days past due				
	Not past due $'000	< 30 days $'000	31 – 90 days $'000	> 90 days $'000	Total $'000
2019					
Trade receivables identified to be credit impaired	2	50	10	510	572
Estimated gross carrying amount at default	4,003	1,096	35	496	5,630
Expected credit loss rate	0.05%	0.50%	1.00%	11.8%	–
Expected credit loss	2	5	*	59	66
Lifetime ECL	4	55	10	569	638
2018					
Trade receivables identified to be credit impaired	32	30	49	289	400
Estimated gross carrying amount at default	3,206	1,108	123	359	4,796
Expected credit loss rate	0.05%	0.50%	1.00%	11.8%	–
Expected credit loss	2	6	1	42	51
Lifetime ECL	34	36	50	331	451

* Denotes less than $1,000.

(Source: company annual report)

(i) **What is the upper limit to the long outstanding trade receivables?**

(ii) **Given that the business environment has been adversely affected by the current pandemic, how does management look out for any material deterioration in the credit quality of its customers?**

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Q3. At the annual general meeting ("AGM") scheduled to be held on 30 April 2020, Mr Lim Teck Chai Danny is retiring by rotation in accordance with Regulation 114 of the Company's Constitution.

Mr Lim Teck Chai Danny is seeking his re-election at the AGM.

As noted in the directors' profile, Mr Lim Teck Chai Danny is currently an equity partner in Rajah & Tann Singapore LLP. Mr Lim is also an independent director of three other listed companies, namely Kimly Limited, Stamford Land Corporation Ltd and Advancer Global Limited. His past appointments include directorships in Trans-Cab Holdings Ltd and Tee Land Limited. Due to Mr. Danny Lim's directorship of Kimly Limited, he is also involved in the ongoing investigation of Kimly by the Commercial Affairs Department although he is not personally the subject of any investigations or proceedings involving Kimly Limited (page 33).

(i) **As a partner in the Capital Markets and Mergers & Acquisitions Practice Group in one of Singapore's largest law firm and the director of four listed companies, how does Mr Lim ensure that he is able to devote sufficient time, energy and attention to matters of the company?**

[^]Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

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[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)