

Tye Soon Limited

Unaudited Condensed Interim Consolidated Financial Statements

For the six months and full year ended 31 December
2021

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group				
		6 months ended 31 December		Year ended 31 December		
		2021	2020	2021	2020	
Note		\$'000	\$'000	\$'000	\$'000	
	Revenue	4	111,701	107,790	225,330	198,236
	Other income		93	534	184	1,115
	Changes in inventories of finished goods		(2,975)	549	(1,918)	(3,130)
	Cost of purchases		(83,820)	(85,867)	(173,761)	(152,649)
	Staff costs		(11,985)	(11,458)	(23,764)	(22,129)
	Depreciation expenses		(2,241)	(2,449)	(4,711)	(4,877)
	Other operating expenses	7	(6,859)	(6,345)	(13,595)	(11,852)
	Finance costs	7	(829)	(981)	(1,684)	(2,428)
	Share of profit of an associate (net of tax)		–	50	48	50
	Profit before tax		<u>3,085</u>	<u>1,823</u>	<u>6,129</u>	<u>2,336</u>
	Tax expense	6	(668)	(654)	(1,584)	(1,060)
	Profit for the period/year	7	<u>2,417</u>	<u>1,169</u>	<u>4,545</u>	<u>1,276</u>
	Profit attributable to:					
	Owners of the Company		2,385	1,140	4,467	1,224
	Non-controlling interests		32	29	78	52
	Profit for the period/year		<u>2,417</u>	<u>1,169</u>	<u>4,545</u>	<u>1,276</u>
	Earnings per share					
	Basic and diluted earnings per share (cents)	9	<u>2.73</u>	<u>1.30</u>	<u>5.12</u>	<u>1.40</u>

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

Note	Group			
	6 months ended 31 December		Year ended 31 December	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Profit for the period/year	2,417	1,169	4,545	1,276
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligation of a subsidiary	(426)	(156)	(426)	(156)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences on loss of derecognition of interest in associate reclassified to profit or loss	82	–	82	–
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	(958)	1,389	(1,557)	1,307
Other comprehensive income for the period/year, net of tax	(1,302)	1,233	(1,901)	1,151
Total other comprehensive income for the period/year	1,115	2,402	2,644	2,427
Total comprehensive income attributable to:				
Owners of the Company	1,083	2,376	2,570	2,377
Non-controlling interests	32	26	74	50
Total comprehensive income for the period/year	1,115	2,402	2,644	2,427

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Assets					
Plant and equipment	11	905	961	347	326
Right-of-use assets		5,747	7,358	838	2,265
Goodwill		98	102	–	–
Subsidiaries		–	–	23,769	24,709
Associate		–	185	–	162
Other investment		1,018	815	1,018	815
Deferred tax assets		1,739	1,525	–	–
Loan receivables		–	–	–	–
Non-current assets		9,507	10,946	25,972	28,277
Current tax assets		106	139	–	–
Inventories	12	98,392	100,310	30,324	33,456
Trade and other receivables	13	31,153	28,525	41,014	37,792
Cash and cash equivalents		14,785	21,130	6,457	10,997
Current assets		144,436	150,104	77,795	82,245
Total assets		153,943	161,050	103,767	110,522
Equity					
Share capital	15	38,057	38,057	38,057	38,057
Reserves		18,987	16,417	3,445	1,910
Equity attributable to owners of the Company		57,044	54,474	41,502	39,967
Non-controlling interests		524	450	–	–
Total equity		57,568	54,924	41,502	39,967
Liabilities					
Loans and borrowings	14	3,247	4,371	3,247	4,371
Lease liabilities		2,921	3,699	75	950
Employee benefits		1,265	1,013	–	–
Deferred tax liabilities		19	24	–	–
Non-current liabilities		7,452	9,107	3,322	5,321

B. Condensed interim statements of financial position (cont'd)

	Note	Group		Company	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Loans and borrowings	14	59,239	61,450	45,680	49,373
Lease liabilities		2,907	3,798	707	1,365
Trade and other payables		23,883	29,611	10,839	13,123
Contract liabilities		1,798	1,373	1,717	1,373
Current tax liabilities		1,096	787	–	–
Current liabilities		88,923	97,019	58,943	65,234
Total liabilities		96,375	106,126	62,265	70,555
Total equity and liabilities		153,943	161,050	103,767	110,522

C. Condensed interim statements of changes in equity

Group	← Attributable to owners of the Company →					Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other capital reserves \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000			
At 1 January 2021	38,057	3,501	(105)	(6,014)	19,035	54,474	450	54,924
Total comprehensive income for the year								
Profit for the year	–	–	–	–	4,467	4,467	78	4,545
Other comprehensive income								
Foreign currency translation differences on loss of derecognition of interest in associate reclassified to profit or loss	–	–	–	82	–	82	–	82
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(1,553)	–	(1,553)	(4)	(1,557)
Remeasurement of defined benefit obligation of a subsidiary	–	–	–	–	(426)	(426)	–	(426)
Total other comprehensive income	–	–	–	(1,471)	(426)	(1,897)	(4)	(1,901)
Total comprehensive income for the year	–	–	–	(1,471)	4,041	2,570	74	2,644
At 31 December 2021	38,057	3,501	(105)	(7,485)	23,076	57,044	524	57,568
At 1 January 2020	38,057	3,501	(105)	(7,323)	17,967	52,097	400	52,497
Total comprehensive income for the year								
Profit for the year	–	–	–	–	1,224	1,224	52	1,276
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	1,309	–	1,309	(2)	1,307
Remeasurement of defined benefit obligation of a subsidiary	–	–	–	–	(156)	(156)	–	(156)
Total other comprehensive income	–	–	–	1,309	(156)	1,153	(2)	1,151
Total comprehensive income for the year	–	–	–	1,309	1,068	2,377	50	2,427
At 31 December 2020	38,057	3,501	(105)	(6,014)	19,035	54,474	450	54,924

C. Condensed interim statements of changes in equity (cont'd)

Company	Share capital \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2021	38,057	(105)	694	1,321	39,967
Total comprehensive income for the year					
Profit for the year	–	–	–	1,559	1,559
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	–	–	(24)	–	(24)
Total other comprehensive income	–	–	(24)	–	(24)
Total comprehensive income for the year	–	–	(24)	1,559	1,535
At 31 December 2021	38,057	(105)	670	2,880	41,502
At 1 January 2020	38,057	(105)	672	3,068	41,692
Total comprehensive income for the year					
Loss for the year	–	–	–	(1,747)	(1,747)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	–	–	22	–	22
Total other comprehensive income	–	–	22	–	22
Total comprehensive income for the year	–	–	22	(1,747)	(1,725)
At 31 December 2020	38,057	(105)	694	1,321	39,967

D. Condensed interim consolidated statement of cash flows

	Group	
	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Cash flows from operating activities		
Profit before tax	6,129	2,336
Adjustments for:		
Depreciation of plant and equipment and right-of-use assets	4,711	4,877
Loss/(Gain) on sale of plant and equipment	34	(4)
Share of profit of an associate (net of tax)	(48)	(50)
Impairment losses on trade receivables	55	1
Write-down of inventories	1,489	963
Interest income	(12)	(16)
Finance costs	1,684	2,428
Loss on derecognition of interest in an associate	110	–
Unrealised foreign exchange (gain)/loss	(143)	536
Loss/(Gain) on derecognition of right-of-use assets	8	(5)
	14,017	11,066
Changes in working capital		
Changes in inventories	(1,117)	3,556
Changes in trade and other receivables	(3,042)	4,733
Changes in trade and other payables	(5,741)	3,999
Changes in contract liabilities	425	336
Changes in bills payable and trust receipts	851	(1,311)
Cash generated from operating activities	5,393	22,379
Tax paid	(1,489)	(445)
Interest paid for bills payable and trust receipts	(960)	(1,040)
Net cash from operating activities	2,944	20,894
Cash flows from investing activities		
Interest received	12	16
Proceeds from sale of plant and equipment	4	9
Acquisition of plant and equipment	(335)	(156)
Net cash used in investing activities	(319)	(131)
Cash flows from financing activities		
Proceeds from borrowings	14,502	23,080
Repayment of borrowings	(18,085)	(34,713)
Payment of lease liabilities	(4,212)	(4,342)
Interest paid for lease liabilities and unsecured bank loans	(755)	(1,561)
Net cash used in financing activities	(8,550)	(17,536)

D. Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	Year ended	Year ended
	31 December	31 December
	2021	2020
	\$'000	\$'000
Net (decrease)/increase in cash and cash equivalents	(5,925)	3,227
Cash and cash equivalents at the beginning of the year	21,130	17,545
Effect of exchange rate changes on the balance of cash held in foreign currencies	(420)	358
Cash and cash equivalents at the end of the year	14,785	21,130

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Tye Soon Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office and principal place of business is 3C Toh Guan Road East #01-03 Singapore 608832.

On 26 April 2021, the immediate and ultimate holding company of Tye Soon Limited, OBG & Sons Pte Ltd disposed 25% of its shareholdings in Tye Soon Limited. As a result, OBG & Sons Pte Ltd is no longer the immediate and ultimate holding company of the Company.

These condensed interim consolidated financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Group is primarily involved in the import and export, and distribution of automotive parts.

2. Basis of Preparation

The condensed interim financial statements for the year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the below standards.

- *Interest Rate Benchmark Reform – Phase 2 (amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*
- *Covid-19 Related Rent Concessions (Amendments to SFRS(I) 16)*

2. Basis of Preparation (cont'd)

2.1 New and amended standards adopted by the Group (cont'd)

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ended 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- Note 12 – Valuation of inventories
- Note 13 – Valuation of trade receivables

Measurement of fair values

A number of the Group's accounting policies and disclosures requires the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has an overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Financial Controller.

2. Basis of Preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that is regularly reviewed by the Executive Directors Committee for the purpose of allocating resources to the respective segments and performance assessment.

The Group is principally engaged in a single business line which relates to the distribution of automotive parts.

4. Segment and revenue information (cont'd)

4.1. Reportable segments

Geographical information

In presenting information on the basis of geographical segment, segment revenue is based on geographical location of the customers which the sales are made to regardless of where the sales originate. Segment assets are based on the geographical location of the assets.

	← Group →						
	Singapore	Malaysia	Australia	Thailand	South Korea	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended 31 December 2021							
Total revenue from external customers	10,317	22,093	21,759	7,255	28,988	21,289	111,701
6 months ended 31 December 2020							
Total revenue from external customers	9,947	25,946	21,799	7,730	22,613	19,755	107,790

4. Segment and revenue information (cont'd)

4.1. Reportable segments (cont'd)

Geographical information (cont'd)

	← Group →						
	Singapore	Malaysia	Australia	Thailand	South Korea	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2021							
Total revenue from external customers	21,217	44,516	46,232	16,400	54,646	42,319	225,330
Year ended 31 December 2020							
Total revenue from external customers	18,980	43,426	42,010	13,400	42,779	37,641	198,236
31 December 2021							
Non-current assets ⁽ⁱ⁾	1,185	501	4,109	–	764	191	6,750
31 December 2020							
Non-current assets ⁽ⁱ⁾	2,776	396	4,312	–	778	344	8,606

⁽ⁱ⁾ Non-current assets presented consist of plant and equipment, right-of-use assets, goodwill and associate.

Major Customer

For the periods ended 31 December 2021 and 2020, there was no single customer that contributed to 10% or more of the Group's revenue.

4. Segment and revenue information (cont'd)

4.2. Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets.

Primary geographical markets	Group			
	6 months ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Singapore	10,317	9,947	21,217	18,980
Malaysia	22,093	25,946	44,516	43,426
Australia	21,759	21,799	46,232	42,010
Thailand	7,255	7,730	16,400	13,400
South Korea	28,988	22,613	54,646	42,779
Others	21,289	19,755	42,319	37,641
	111,701	107,790	225,330	198,236

5. Financial assets and financial liabilities

Fair value versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount			Fair value				
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables #	30,785	–	–	30,785				
Cash and cash equivalents	14,785	–	–	14,785				
	<u>45,570</u>	<u>–</u>	<u>–</u>	<u>45,570</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
Financial liabilities not measured at fair value								
Terms loans	–	–	4,370	4,370				
Unsecured bank loans	–	–	14,657	14,657				
Bills payable and trust receipts	–	–	43,459	43,459				
Trade and other payables *	–	–	23,657	23,657				
	<u>–</u>	<u>–</u>	<u>86,143</u>	<u>86,143</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

Group	Carrying amount			Fair value				
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables #	28,189	–	–	28,189				
Cash and cash equivalents	21,130	–	–	21,130				
	<u>49,319</u>	<u>–</u>	<u>–</u>	<u>49,319</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	815	–	815	–	–	815	815
Financial liabilities not measured at fair value								
Term loans	–	–	4,874	4,874				
Unsecured bank loans	–	–	18,110	18,110				
Bills payable and trust receipts	–	–	42,837	42,837				
Trade and other payables *	–	–	29,454	29,454				
	<u>–</u>	<u>–</u>	<u>95,275</u>	<u>95,275</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

	Carrying amount			Fair value				
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables #	40,953	–	–	40,953				
Cash and cash equivalents	6,457	–	–	6,457				
	<u>47,410</u>	<u>–</u>	<u>–</u>	<u>47,410</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	–	–	4,370	4,370				
Unsecured bank loans	–	–	11,007	11,007				
Bills payable and trust receipts	–	–	33,550	33,550				
Trade and other payables *	–	–	10,736	10,736				
			<u>59,663</u>	<u>59,663</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
31 December 2020								
Financial assets not measured at fair value								
Trade and other receivables #	37,714	–	–	37,714				
Cash and cash equivalents	10,997	–	–	10,997				
	<u>48,711</u>	<u>–</u>	<u>–</u>	<u>48,711</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	815	–	815	–	–	815	815
Financial liabilities not measured at fair value								
Term loans	–	–	4,874	4,874				
Unsecured bank loans	–	–	13,550	13,550				
Bills payable and trust receipts	–	–	35,320	35,320				
Trade and other payables *	–	–	13,092	13,092				
	<u>–</u>	<u>–</u>	<u>66,836</u>	<u>66,836</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investment at FVOCI	Adjusted net asset method	Net asset value of the investee, adjusted for discount on lack of control	The estimated fair value would increase/ (decrease) if net asset value for unquoted equity security was higher/(lower).

(ii) Transfer between Level 1, Level 2 and Level 3

There were no transfers of financial instruments between Level 1, Level 2 and Level 3.

(iii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair value:

	Group \$'000	Company \$'000
At 1 January 2021	815	815
Reclassification from investment in associate	203	203
At 31 December 2021	1,018	1,018

During 2021, the Company lost its significance influence over the associate and consequently the investment in associate was reclassified to other investments.

5. Financial assets and financial liabilities (cont'd)

Measurement of fair values (cont'd)

(iii) Level 3 fair value (cont'd)

Financial instruments not measured at fair value

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payable and trust receipts and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

6. Tax expense

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss and other comprehensive income are:

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	792	774	1,853	1,100
Deferred income tax expense relating to origination and reversal of temporary differences	(131)	(166)	(283)	(90)
Withholding tax	7	46	14	50
	<u>668</u>	<u>654</u>	<u>1,584</u>	<u>1,060</u>

7. Profit for the period/year

7.1 The following items have been included in arriving at the profit for the period/year:

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest income	6	9	12	16
Government grants and supports	45	443	106	976
(Loss)/Gain on sale of plant and equipment	(34)	3	(34)	4
Impairment losses on trade receivables	(58)	(35)	(55)	(7)
(Loss)/Gain on derecognition of right-of-use assets	(8)	3	(8)	5
Finance cost – interest expense	(829)	(981)	(1,684)	(2,428)
Write-down of inventories	(829)	(506)	(1,489)	(963)
Foreign exchange loss, net	(79)	(275)	(313)	(328)

7.2 Other operating expenses

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Operating lease expenses	(722)	(577)	(1,363)	(1,115)
Transportation expenses	(1,661)	(1,341)	(3,132)	(2,628)
Impairment losses on trade receivables	(58)	(35)	(55)	(7)
Write-down of inventories	(829)	(506)	(1,489)	(963)
Loss on disposal of plant and equipment	(34)	–	(34)	–

7. Profit for the period/year (cont'd)

7.2 Other operating expenses (cont'd)

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Sales commission expenses	(879)	(986)	(1,957)	(1,829)
Utilities expenses	(823)	(888)	(1,648)	(1,664)
Foreign exchange loss, net	(79)	(275)	(313)	(328)
Loss on derecognition of interest in associate	(110)	–	(110)	–
Others	(1,664)	(1,737)	(3,494)	(3,318)
Total	(6,859)	(6,345)	(13,595)	(11,852)

7.3 Related party transactions

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The directors, advisers and senior managers of the Company are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Directors' fees	154	339	350	499
Short-term employee benefits	797	655	1,389	1,181
Post-employment benefits	34	36	55	59
Total	985	1,030	1,794	1,739

7. Profit for the period/year (cont'd)

7.3 Related party transactions (cont'd)

Other related party transactions

During the period, the following related party transactions are carried out on terms agreed between the parties:

	Group			
	6 months ended 31		Year ended 31 December	
	December		December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Related party #				
- Sales	138	-	138	-

A shareholder company of the Group

8. Dividends

The directors have proposed a final exempt (one-tier) dividend of \$0.0085 (2020: \$nil) per ordinary share, totalling \$742,000 (2020: \$nil) in respect of the financial year ended 31 December 2021. The proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for shareholder's approval at the forthcoming Annual General Meeting of the Company in April 2022.

9. Earnings per share

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Profit attributable to owners of the Company	2,385	1,140	4,467	1,224
	2021	2020	2021	2020
	'000	'000	'000	'000
Weighted average number of ordinary shares	87,265	87,265	87,265	87,265
Earnings per share (cents)				
- Basic	2.73	1.30	5.12	1.40
- Diluted	2.73	1.30	5.12	1.40

9. Earnings per share (cont'd)

The basic and diluted earnings per share are the same for 2021 and 2020 as there were no dilutive instruments in issue as at 31 December 2021 and 31 December 2020.

10. Net asset value

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net asset value per ordinary share (cents)	65.4	62.4	47.6	45.8

Net asset value per ordinary share as at 31 December 2021 was computed based on equity attributable to owners of the Company of \$57,044,000 (31 December 2020: \$54,474,000) for the Group and \$41,502,000 (31 December 2020: \$39,967,000) for the Company and existing ordinary shares of 87,265,029 (31 December 2020: 87,265,029).

11. Plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to \$335,000 (31 December 2020: \$156,000).

12. Inventories

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Finished goods	88,695	89,480	28,236	30,932
Goods-in-transit	9,697	10,830	2,088	2,524
	<u>98,392</u>	<u>100,310</u>	<u>30,324</u>	<u>33,456</u>

The net realisable value represents management's best estimate of the recoverable amount which involves significant management judgement. Management considers the age of these inventories, prevailing market conditions in the automotive parts industry and historical inventory utilisation experience as part of its inventory obsolescence assessment process. The write-down required could change significantly if business and market conditions deviate from management's expectations.

12. Inventories (cont'd)

The Group's cost of inventories amounted to \$175,679,000 (2020: \$155,779,000) and was recognised as expense and included in cost of purchases and changes in inventories of finished goods.

The Group's write-down of inventories to net realisable value included in other operating expenses amounted to \$1,489,000 (2020: \$963,000).

13. Trade and other receivables

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Trade receivables	27,692	25,970	9,352	8,826
Trade amounts due from subsidiaries	–	–	9,190	8,876
Non-trade amounts due from subsidiaries	–	–	21,446	19,488
Other receivables	3,093	2,219	965	524
	30,785	28,189	40,953	37,714
Prepayments	368	336	61	78
	31,153	28,525	41,014	37,792

Expected credit loss (ECL) assessment

Management identified trade receivables that are credit-impaired to be those where default event(s) has occurred. For such receivables, Management assessed specifically the probability of recovery to the trade receivables and recognised the difference as impairment loss.

Management uses an allowance matrix to measure the ECLs for the remaining trade receivables which comprises a large customer base with small balances and which are not credit impaired. The loss rates applied to the allowance matrix are calculated based on historical credit loss experience in the past 5 years adjusted for current conditions and Management's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss. This assessment involves Management's judgement and could change significantly if market and economic conditions deviate from expectations.

14. Loans and borrowings

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<u>Amount repayable</u>				
Within one year	59,239	61,450	45,680	49,373
After one year	3,247	4,371	3,247	4,371
	62,486	65,821	48,927	53,744

The loans and borrowings of the Group and Company are unsecured.

15. Share capital

	The Group and the Company			
	31 December 2021		31 December 2020	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the year	87,265,029	38,057	87,265,029	38,057
Issue of ordinary shares	–	–	–	–
End of the year	87,265,029	38,057	87,265,029	38,057

The Company did not hold any treasury shares as at 31 December 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

Other Information Required by Listing Rule Appendix 7.2

1. Review

The interim condensed consolidated statement of financial position of Tye Soon Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six-month and full year then ended, condensed consolidated statement of changes in equity for the full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Review of Performance

	Group	
	Financial year ended 31 December	
	2021	2020
	\$'000	\$'000
Revenue		
First half	113,629	90,446
Second half	111,701	107,790
	225,330	198,236
Profit before tax		
First half	3,044	513
Second half	3,085	1,823
	6,129	2,336
Profit attributable to Owners of the Company		
First half	2,082	84
Second half	2,385	1,140
	4,467	1,224

Group turnover increased by 13.7% to \$225.3 million, a record turnover.

The Group's revenue recovery to just above pre-pandemic levels amidst a difficult business environment was driven by the strength of its business platform as well as its ability to supply customers from inventory for those who required quick delivery of goods. The ability to supply customers quickly gained a higher level of significance during the past two Covid-impacted years due to the increased frequency of disruptions to the supply chain as factory production lead times lengthened and the availability of shipping space became less predictable.

2. **Review of performance of the Group (cont'd)**

Review of Performance (cont'd)

The Group's business in Singapore exports to markets globally. With many export markets having experienced lockdown restrictions at one stage or another during the year, revenue levels have been more volatile than usual. The challenges arising from the availability of shipping space have not just affected incoming shipments but outgoing shipments as well, as exports are usually fulfilled via sea freight. Despite the challenging backdrop, the export-based business in Singapore benefitted from having a geographically diversified customer base and a large portfolio of brands. Although revenues fell by 2.9% in 2H21 against 2H20 mainly due to the impact of the Delta wave on key markets in Southeast Asia in Q3, turnover for FY21 improved by 10.9% over FY20.

The business operations in South Korea were largely uninterrupted throughout FY21 as the government did not impose a general lockdown on businesses. Despite operating in an environment affected by the Covid-19 situation, momentum for the business picked up pace noticeably in 2H21 to register a 30.9% growth in revenue in KRW terms, or 28.2% in SGD terms, in comparison with 2H20 on the back of a continuing trend of strong customer demand and market share improvements. For the year, revenue grew 27.4% in KRW terms, or 27.7% in SGD terms.

The business in Australia continued to benefit from firm customer demand despite the dampening effects of intermittent lockdowns at the city or state level during the year. Momentum for the business picked up in 1H21 to register a 9.8% growth in revenue in AUD terms against 1H20 but tapered off markedly in 2H21 mainly due to the lockdowns in Victoria and New South Wales in Q3. Revenues in 2H21 were flat against 2H20 in both AUD and SGD terms. For the year, revenue growth ended with a 4.7% increase in AUD terms. The growth rate recorded in SGD terms, however, was higher at 10.5% due to the appreciation of the AUD.

The business in Malaysia continued to be affected by the Covid-19 situation in 2H21 following a challenging 1H21 as varying levels of lockdown and movement restrictions under the Movement Control Order were imposed until around October. The impact on the business was most keenly felt in Q3. Although business recovered quickly in Q4, partially helped by customers restocking inventory, revenues for 2H21 ended 9.1% lower in MYR terms, or 10.3% in SGD terms, against 2H20. Although mired in operational challenges, the business benefitted from market share improvements overall. Making a comparison with FY20, with a partially pre-Covid 1Q20 and a fully-locked down April 2020, turnover in FY21 was higher by 4.9% in MYR terms, or 3.6% in SGD terms.

Total margins for the Group increased by \$6.7 million for the year mainly due to the increase in turnover from \$198.2 million in FY20 to \$225.3 million in FY21. The gross margin rate improved marginally.

Other income decreased by \$0.9 million as FY21 saw the tail end of government-driven stimuli and aid programs first implemented in 2020 in response to the onset of the Covid-19 situation by governments in certain jurisdictions the Group operates in.

2. Review of performance of the Group (cont'd)

Review of Performance (cont'd)

Operating expenses increased by \$2.7 million due in good part to a combination of higher business performance level-based costs and the appreciation of the AUD. Of the aforesaid \$2.7 million, \$1.6 million of the increase came from staff costs, of which \$0.5 million was due to the stronger AUD especially in 1H21. The underlying increase in staff costs arose mainly from higher level of business activity-based costs and other payroll adjustments. Aside from staff costs, logistics costs and operating lease expenses increased by \$0.5 million and \$0.2 million respectively.

Profit from operations before foreign exchange gain/loss amounted to \$4.0 million in 2H21, which is about the same level as 1H21. Profit from operations before foreign exchange gain/loss in FY21 amounted to \$8.1 million compared with \$5.0 million in FY20, an increase of 60.2% or \$3.0 million.

Foreign exchange loss amounted to \$0.23 million in 1H21 and a marginal loss of \$0.08 million in 2H21. As a comparison, the corresponding figures in FY20 was a loss of \$0.05 million in 1H20 and a loss of \$0.28 million in 2H20.

Total finance costs came down by \$0.7 million in FY21 as the Group reduced the average level of borrowings during the year as well as having benefitted from lower interest rates.

Profit before tax was \$3.0 million for 1H21 and \$3.1 million for 2H21, totaling \$6.1 million for the year. The corresponding figures the previous year were \$0.5 million for 1H20 and \$1.8 million for 2H20, totaling \$2.3 million.

Profit after tax was \$2.1 million for 1H21 and \$2.4 million for 2H21, totaling \$4.5 million for the year. The corresponding figures last year were \$0.1 million for 1H20 and \$1.2 million for 2H20, totaling \$1.3 million.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$2.6 million for the year.

2. **Review of performance of the Group (cont'd)**

Balance Sheet Review

Group inventory level was at 6.7 months as at 31 December 2021 compared with 7.7 months as at 31 December 2020 as sales recovered to pre-pandemic levels. Inventory level decreased by \$1.9 million to \$98.4 million as at 31 December 2021 from \$100.3 million at the previous year end. As mentioned in the interim results announcement, the Group looks towards maintaining a steady but commensurate level of inventory to support its planned level of business. Inventory levels may, however, generally be more volatile going forward, at least in the short to medium term, as factory production lead times continue to lengthen, shipment delays becoming increasingly frequent and volatile sea freight rates continuing to be a feature in the shipping industry.

Group receivable level remained relatively steady at 1.5 months as at 31 December 2021 in comparison with the level as at 31 December 2020 of 1.6 months. In absolute terms, receivable levels were at \$27.7 million as at 31 December 2021 and \$26.0 million as at 31 December 2020, the higher level in line with the higher turnover achieved in FY21.

Loans and borrowings, the majority of which consisted of trade-related bills, decreased by \$3.3 million to \$62.5 million as at 31 December 2021 from \$65.8 million as at 31 December 2020 due to repayment of short-term advances.

Group payable level decreased by \$5.7 million to \$23.9 million as at 31 December 2021 from \$29.6 million as at 31 December 2020.

Cash balances decreased by \$6.3 million to \$14.8 million as at 31 December 2021 from \$21.1 million as at 31 December 2020.

The Group's Current Ratio was at 1.62 times as at 31 December 2021 compared with 1.55 times as at 31 December 2020.

The Group's net gearing level was at 0.8 times as at 31 December 2021, about the same level as at 31 December 2020.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to \$14.0 million for the year, mainly due to the improvement in the profitability of the business (please refer to the section on Review of Performance). After accounting for changes in working capital, cash flows generated from operating activities amounted to \$5.4 million. Cash flows generated from operating activities after accounting for tax and net interest paid amounted to \$2.9 million. Net cash used in investing activities amounted to \$0.3 million. Net cash used in financing activities amounted to \$8.6 million, mainly due to repayment for short term advances. Cash balance as at 31 December 2021 amounted to \$14.8 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The actual results are consistent with the commentary in the interim results announcement dated 12 August 2021.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

Many are starting to see 2022 on the post-Covid recovery path but the year is expected to continue to present operational challenges as a return to pre-Covid norms and a relatively stable business environment may not happen so soon. Indeed, a number of the Group's key markets are still experiencing a surge in Covid caseloads at this moment. In such an environment, the potential for economic activity to decelerate and hence the Group's business level to be affected remains a clear risk.

The Group's operational presence over a wide geographical area and its large brand portfolio have evolved over the years and combined to form a strong platform for business. This platform has been a source of resilience during the most challenging moments of the Covid-19 situation as well as the key to the improvement in business performance in FY21. The Group will continue to leverage on these business enablers to drive towards a post-Covid phase.

The Group continues to enjoy a steadily growing customer base in key markets as well as stable relationships with brand principals and suppliers. Although the Covid-19 situation has not ended, the Group is in a good position to look at opportunities and activities to further expand market share, including the continued expansion of its physical location network after a two-year hiatus since the onset of Covid. FY22 has started with some degree of optimism despite the dampening effects of the Omicron wave. The Group's business is currently expected to remain on a profitable course in FY22.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. The exempt (one-tier) dividends have not been provided for.

Name of dividend	Final in respect for the year ended 31 December 2021
Dividend type	Cash
Dividend per share	\$0.0085 cents
Tax rate	Tax exempt

The dividend payable will be announced at a later date.

5. Dividend information (cont'd)

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured signed undertakings from all of its directors and executive officers based on Appendix 7.7 of the SGX-ST Listing Manual.

8. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

The Company has procured signed undertakings from all of its directors and executive officers based on Appendix 7.7 of the SGX-ST Listing Manual.

Name	Age	Family relationship with a director or chief executive officer or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ong Hock Siang @ Ong Huat Seong	88	Uncle to Kelvin Ong Eng Chian (Executive Director / Deputy Managing Director)	Appointed as an adviser to the Company's management	N.A.
Ong Huat Yew Peter	75	Father to Kelvin Ong Eng Chian (Executive Director / Deputy Managing Director)	Appointed as an adviser to the Company's management	N.A.

9. Confirmation by the Board.

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the six-month and full year ended 31 December 2021 to be false or misleading in any material respects.

On behalf of the Board of Directors



David Chong Tek Yew
Managing Director



Kelvin Ong Eng Chian
Deputy Managing Director

23 February 2022