Tai Sin®

SHARPENING OUR STRATEGIC FOCUS ON THE FUTURE

TAI SIN ELECTRIC LIMITED

ANNUAL REPORT 2018

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SHARPENING OUR STRATEGIC FOCUS ON THE FUTURE

Tai Sin continues to forge ahead alongside the steady pace of development within the global industry. With astute foresight, we focus on the needs of tomorrow by looking beyond the present. By cultivating a clear vision for the long term, we are able to identify and seize new opportunities for growth.

We believe that a defined strategy is essential for us to keep evolving and progressing, as the industrial landscape remains competitive. It also allows us to cater to the ever-changing needs of our customers, as we gain more insight on the diverse requirements in the market.

At the centre of this strategic focus is Tai Sin's commitment of contributing to a safe future by constantly enhancing its competencies and driving innovation. Guided by the fundamental principles of our Sustainability Living Plan, we strive to deliver solutions, products and services that are consistent to Tai Sin's established brand of quality, integrity and reliability.

As it sets its sights on the infinite possibilities ahead, Tai Sin will make dynamic and advanced strides to manifest its vision of a safe, smart and sustainable future.

TAI SIN AT A GLANCE

Tai Sin Electric Limited was established with the foresight and determination as a cable manufacturing business in 1980. Today, after over 38 years of strategic expansion and diversification, Tai Sin has emerged as a leading and trusted Industrial Group in Southeast Asia. Listed on the Stock Exchange of Singapore, SESDAQ in 1998, and subsequently transferred to the SGX Main Board in 2005.

Presently known as Tai Sin Electric Limited Group of Companies, the business is streamlined into four Business Segments namely Cable & Wire (C&W), Electrical Material Distribution (EMD), Switchboard (SB) and Test & Inspection (T&I). These segments are well designed to meet the specific needs of our diverse customers ranging from end-users to contractors, manufacturers, system integrators, engineers and consultants. The business mix of the segments has allowed the Group to continue to achieve growth during difficult times.

The Group operates a highly successful network distributing electrical and control products, accessories and solutions to a wide range of local and regional industries which includes Malaysia, Vietnam, Brunei and Indonesia.

MISSION

We are committed in contributing to a safer tomorrow through our products and services. We believe in sustainable development for our business and people, while protecting the environment and contributing to society.

VISION

To be a leading industrial group that contributes to a safer tomorrow.

CORE VALUES

- INTEGRITY
  We treasure loyalty, uphold honesty, and practise good business ethics.
- RELIABILITY
  We uphold service excellence, take pride in our product quality and ensure commitments are duly fulfilled.
- UNITY
  We embrace teamwork, harmony and mutual respect with our customers, suppliers, and employees.

PRODUCTS THAT PROVIDE **SAFETY**

Our diverse range of products are in line with our strengths in providing reliability in areas of electrical and industrial safety protection. Products such as fire resistant cables, molded circuit breakers, safety sensors and personal protection equipment uphold the highest practical standards for our customers' use.

PRODUCTS THAT ARE **SAFE** TO USE

We are committed to making sure our products meet the highest standards for safety and quality through our stringent manufacturing process. We also ensure that all other products we represent come from a reliable and reputable source, and comply with international quality and safety regulations.

SERVICES THAT PROVIDE **SAFETY**

Our test and inspection service provides reliable and accurate testing, an integral part in ensuring that the condition of the facilities will be safe for use by both businesses and the public.

BUSINESS SEGMENTS

To crystallise its vision of being a leading Industrial Group in Southeast Asia, Tai Sin is structured into four interlinked business segments – Cable & Wire, Electrical Material Distribution, Switchboard and Test & Inspection. The Group is able to leverage the combined core competencies and expanding capabilities of each business segments to deliver a focused collective solution to its customers.

CABLE & WIRE (C&W)

Design, develop, manufacture and trading of cables and wires. Products include Power, Control, Instrumentation and Fire Resistant & Flame Retardant Cables for use in all areas of electrical and instrumentation installation for commercial, residential, industrial and infrastructure projects.

- Tai Sin Electric Limited
- Tai Sin Electric Cables (Malaysia) Sdn Bhd
- Tai Sin Electric Cables (VN) Co Ltd
- Lim Kim Hai Electric (VN) Co Ltd

ELECTRICAL MATERIAL DISTRIBUTION (EMD)

Supply of products and services to a wide range of industries which includes industrial automation and maintenance, repair & operations (MRO). Products include industrial control system and components, sensing, measurement and monitoring system, power quality system, safety, cabling and electrical accessories, as well as lighting and energy monitoring solutions.

- Lim Kim Hai Electric Co (S) Pte Ltd
- LKH Precicon Pte Ltd
- LKH Projects Distribution Pte Ltd

SWITCHBOARD (SB)

Design and manufacture of high quality switchgears for use in large buildings and industrial installations. Products include low voltage main and sub switchboards, distribution boards and control panels, amongst others.

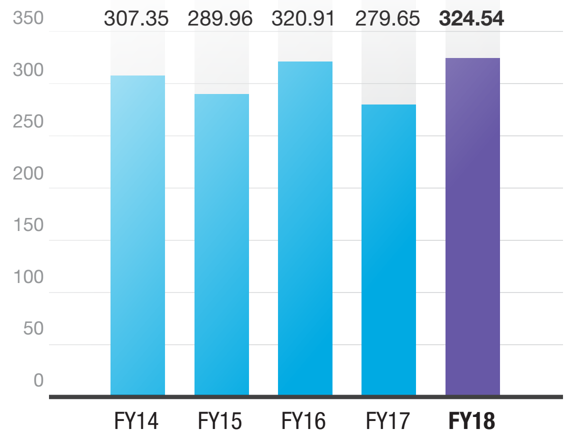
- PKS Sdn Bhd

TEST & INSPECTION (T&I)

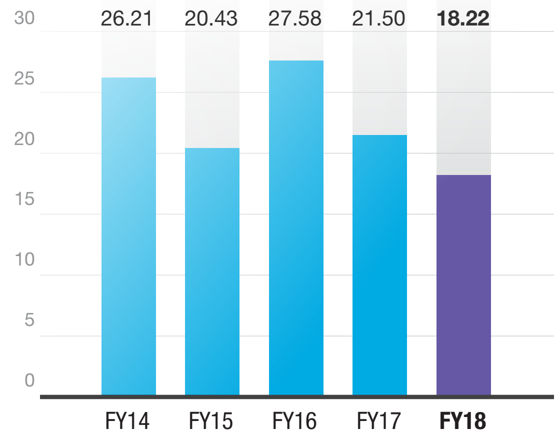
Provides more than 250 accredited testing services for materials ranging from concrete to soil and asphalt premixes. Service includes independent testing, inspection and certification that meets local and international standards.

- CAST Laboratories Pte Ltd
- CASTconsult Sdn Bhd
- PT CAST Laboratories Indonesia

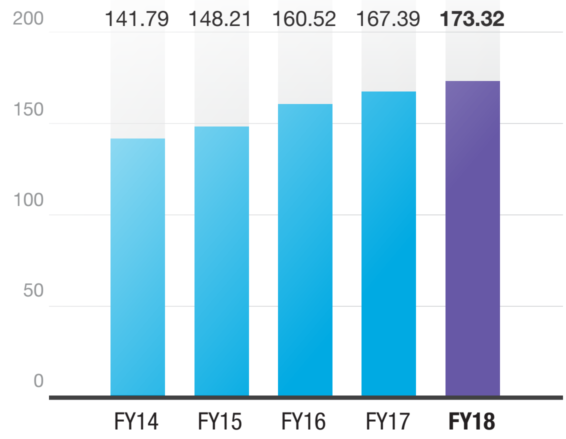
Turnover
(S$'m)



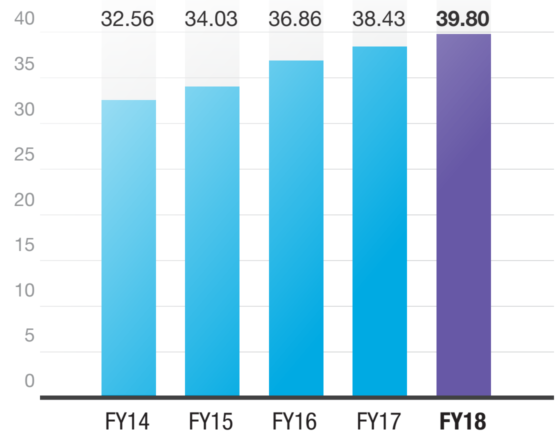
Profit Before Income Tax
(S$'m)



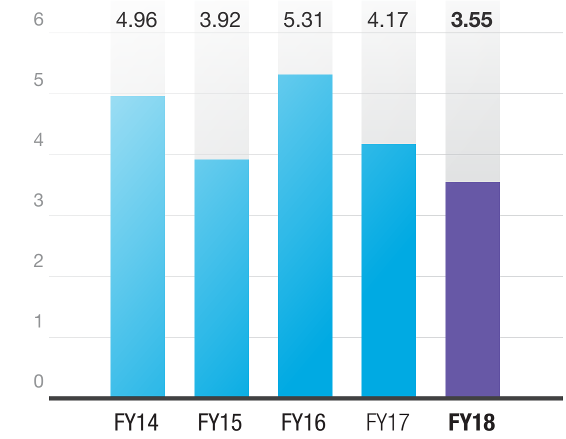
Shareholder's Funds
(S$'m)



Net Asset Value Per Share
(cents)



Earnings Per Share
(cents)



Kuala Lumpur, Malaysia

DEVELOPING A CLEAR VISION FOR OPPORTUNITIES

Drawing upon more than three decades of experience and expertise, Tai Sin continues to build on its capabilities and deliver focused solutions to its customers. Our strategic initiative of diversification and expansion enables us to capitalise on opportunities in Singapore and across key markets in Southeast Asia.

With integrity and innovation as our main drivers in developing products, services and solutions, we strive to uphold the highest standard of quality excellence and optimise new breakthroughs. At the same time, we seek to establish and engage in strategic partnerships to further elevate shareholder value.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Slower market conditions continued to pose many challenges for the Group during the financial year ended 30 June 2018. In particular, new projects were fewer in the construction as well as the infrastructure sectors in Southeast Asia. Some major projects were also delayed or shelved.

Uncertainties continued to reign amid geopolitical and trade tensions in various parts of the world, threatening to unravel the global economic recovery that began over the last two years.

In spite of the difficult business environment, I am pleased to report that the Group achieved a 16.05% increase in revenue to $324.54 million, compared to $279.65 million for the previous financial year.

The bulk of the revenue increase came from the Cable & Wire ("C&W") Segment, which posted a 20.43% rise to reach $210.64 million, up from $174.91, mainly due to higher copper prices and tonnage delivery.

Electrical Material Distribution ("EMD") Segment's revenue grew 14.36% to $82.96 million, while the Test & Inspection ("T&I") Segment saw its turnover decline by 4.54% to $25.79 million.

Higher revenue notwithstanding, gross profit for the year slid 6.70%, or $3.86 million, to $53.69 million, from $57.55 million reported for FY2017. Higher costs and fiercer pricing competition eroded margins for the C&W and T&I Segments.

The surge in copper prices during the year under review also affected margins of products delivered by the C&W Segment.

Costs of sales increased by 21.95% to $270.85 million, from $222.10 million, due to higher copper prices, while selling and distribution, and administrative expenses rose marginally.

"In spite of the difficult business environment, I am pleased to report that the Group achieved a 16.05% increase in revenue to $324.54 million, compared to $279.65 million for the previous financial year."

The Group also suffered a foreign exchange loss of $1.11 million due to fluctuation of the US dollar, resulting in a slight increase of other operating expenses by $0.46 million to $1.89 million.

However, the Group's share of profit from associates increased by $3.33 million to $3.67 million, due to higher profit contribution from Nylect International Pte Ltd, mainly attributable to the gain on disposal of its investment in Kingsland Development Pte Ltd.

Profit attributable to shareholders was $15.46 million, compared to $18.18 million for the previous year.

Net asset backing per ordinary share rose by 3.56% to 39.80 cents from 38.43 cents previously.

The Group's cash and bank balances declined by $3.33 million to $18.75 million, due to settlement of bank borrowings and payables towards year's end.

Short-term bank borrowings increased by $9.76 million primarily because of higher borrowings by C&W and T&I Segments.

Higher sales in the last quarter of the financial year saw trade receivables increase by $15.97 million to reach $96.77 million, while trade payable rose by $5.22 million to $28.73 million, due to higher purchases by C&W Segment towards the end of the financial year.

During the year, CAST Laboratories Pte Ltd ("CLPL"), a subsidiary of the Group, acquired a 30% interest in Astar Laboratory Pte Ltd ("Astar") for an aggregate purchase consideration of $888,000. Astar, established in 2013, is in the business of providing environmental monitoring, testing and consultancy services catering to the needs of the Manufacturing, Marine, Shipping, Oil & Gas, Petrochemicals and Process industries.

CONFRONTING CONTINUED UNCERTAINTIES & VOLATILITIES

The Singapore economy is continuing to expand in the year 2018, following recovery from the year before. The increased economic activities had contributed in some ways to the slightly higher Group revenue. However, going forward, the market for our business will remain challenging both domestically and regionally, in some parts due to several uncertain external factors.

Business from the Singapore Construction and Infrastructure clusters will continue to buttress the Group's performance. However, the stagnant business pie and accompanying intense competition will pose ongoing challenges for all our business units.

In particular, volatility of copper prices and fluctuation of foreign exchange rates will require greater acumen and prudence in projects tenders.

The government has maintained its gross domestic product ("GDP") growth forecast of 2.5% to 3.5% for 2018, following last year's credible expansion of 3.6%.

However, the mounting trade tensions between The United States and some of the major economies has resulted in a lot of uncertainties, making forward planning difficult, especially for our business.

We look forward to the demand of our Group's products and services from the successful en-bloc acquisitions by developers in the last 24 months, notwithstanding the new property cooling measures introduced by the government in the second half of 2018.

We expect continued investments in infrastructures within the region, especially in Singapore, as it will continue to be the main focus of our marketing efforts besides the Commercial & Residential sector.

CHAIRMAN'S STATEMENT

BOLSTERING OUR REGIONAL EXPANSION

The International Monetary Fund's ("IMF") Regional Economic Outlook released in April 2018 said the prospects for Asia and the Pacific "remains strong, and the region continues to be the most dynamic of the global economy".

It projected that the economies of Indonesia, Malaysia, The Philippines, Thailand and Vietnam will collectively maintain growth above 5% this year and next. However, it flagged downside risks over the medium term.

On the upside, IMF said "global recovery could again prove stronger than expected". It added that over time both the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") and implementation of the Belt and Road Initiative ("BRI") could support trade, investment, and growth.

The Tai Sin Electric Group will remain steadfast in expanding and nurturing its markets in the region, including the newer ones such as Myanmar, Cambodia and The Philippines. Business units in the Group will continue to leverage on each other's core strengths to secure new business, including the more established presence in Indonesia, Malaysia and Vietnam.

We will introduce new innovations and technology to help us establish a strong market presence across different business sectors and achieve profitable traction.

GEARING UP FOR A SMART ECONOMY

The Tai Sin Electric Group aims to become a Smart Enterprise, leveraging on digitisation to better manage, develop and grow its businesses. We believe that by doing so, we will be able to keep abreast of the advancement of IT use in the region and globally to ensure our sustainability into the future.

We have engaged an external consultant to guide and prepare our Singapore manufacturing operations for transition into Industry 4.0 over the next few years.

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To ensure our smart enterprise journey will be successful, we will be preparing our staff for the digitisation programme that involves the adoption of the Internet of Things ("IoT"). We will do this by further leveraging the government's skills development programmes.

Our continuing training and skills development efforts will allow us to keep our employees abreast of the latest developments in the industry so that they can better serve our customers. At the same time, it will also ensure that our staff will always be equipped with best practices and enjoy conducive work environments that comply with the government's workplace safety and health standards.

We expect the next few years to be a period of major transformation for the Group as we prepare for Industry 4.0 and embrace a much bigger market footprint in the region. It will also be a time when we will have to be more responsive to opportunities as competition intensifies for attracting talent and growing the business.

EVERYONE HAS A ROLE IN OUR SUCCESS

We would like to acknowledge the invaluable contributions of Professor Brian Lee Chang Leng, who was our Non-Executive and Independent Director and also formerly, Chairman of the Board from November 2003 to December 2014. He retired from the Board during the financial year under review. We thank him for his stewardship and wish him good health and success in his future endeavours.

Our people, from the management team to the production, marketing, administration and general staff, are the backbone of our organisation.

We treasure their contributions and will continue to ensure they adapt and thrive in the ever-changing business environment, so that together we can overcome whatever challenges that may arise from beyond the horizon.

On behalf of the board of directors, I would like to record our sincere appreciation for their dedication and support, and look forward to their continued quality contribution in the years ahead.

We are also very fortunate to have – through good and bad times - understanding and supportive customers and business partners, who will always be the cornerstone of our success. For this, we are ever grateful.

Our shareholders have also played an important role by keeping faith in us with patience and understanding year in and out. A very big thank you to every one of them.

I am pleased to announce that the Board has decided to declare a final dividend of 1.50 cent per ordinary share subject to approval at the annual general meeting.

Tay Joo Soon
Chairman

REPORT BY THE CHIEF EXECUTIVE OFFICER

The Group's four business segments reported a mixed bag of results for 2018. The Cable & Wire ("C&W") Segment led the charge with higher revenue, followed by the Electrical Material Distribution ("EMD") Segment. The performance of the Test & Inspection ("T&I") and Switchboard ("SB") Segment continued to be affected by dampened business sentiments in Singapore and in the markets where they have a presence.

CABLE & WIRE ("C&W") SEGMENT

The C&W Segment's revenue increased $35.73 million to $210.64 million, due to a surge in copper price and higher volume of project deliveries during the year.

Copper tonnage delivered in FY2018 was higher as compared to last year. In spite of higher revenue, the Segment's contribution to gross profit was lower in this financial year as a result of higher copper prices.

The Infrastructure and Commercial & Residential sectors contributed to the increase of the Segment's revenue. However, pricing pressure from stiff competition also led to lower margins from sales to these sectors. In particular, margins of projects from the Infrastructure sector were hit hardest, pulling down total gross profit.

Revenue and profitability from overseas operations suffered a drop. The slide in gross profit was the result of the downturn in the construction industry amidst slower economic conditions in Malaysia, while Vietnam had faced project delays and were executing projects that were contracted in the past at lower copper prices.

Gearing up for the future

The production plants in Malaysia and Vietnam are gearing themselves to expand their product mix to meet new demands, especially from continued growth in the usage of technology that requires reliable power distribution products.

In Singapore, the plant is in the process of digital transformation to harness the power of big data analytics and faster connectivity to drive production effectiveness, cost efficiency and better cost management. It is also speeding up further improvement to its production and delivery efficiency to meet the need of niche market sectors.

This Segment will continue to focus on securing more mega public sector infrastructure projects, as well as those in the Commercial & Residential and Industrial sectors in the new financial year.

ELECTRICAL MATERIAL DISTRIBUTION ("EMD") SEGMENT

The EMD Segment's revenue grew 14.36% to $82.96 million for the reporting year.

Sales to the Building & Infrastructure clusters had increased during this financial year. Sales to the Industrial sector had also increased mainly from the Chemical, Oil & Gas and Electronics clusters. The Retail/Trading sector had also higher sales due to the Segment's on-going efforts in securing more trading partners in the electrical trade in Singapore. Business from the Marine industry was down marginally as it continues to be affected by the downturn in the Shipbuilding and Offshore clusters. Exports to overseas countries had declined, as most major projects had completed delivery during the last financial year and new pipeline projects have either been shelved or delayed.

Identifying gaps to provide effective solutions

Guided by a focused marketing approach, the EMD Segment's success is anchored on its ability to identify gaps to provide reliable and efficient application solutions with trustworthy technical support to its customers.

For instance, the Segment has developed a SMART plug-in unit for busway power distribution to meet requirements in intelligent building systems.

Its green lighting products have also been performing well, which is in line with more buildings attaining the BCA Green Mark in Singapore.

In addition, the Segment has launched its own webstore "electgo.com" initially listed with Omron and Schneider products to provide convenient online procurement for customers that require on-demand supplies for urgent installation and maintenance needs.

Overall the operating environment is expected to remain favourable for the Electronics cluster in the second half of 2018, according to the findings of the Economic Development Board ("EDB") Business Sentiments survey for July-December 2018. It said, "the semiconductors and other electronic modules & components segments project higher export orders in anticipation of seasonal demand in the second half of the year".

Five Success Factors

The EMD Segment is guided by five key success factors namely; Process, People, Products, Customers and Finance. The EMD Segment leverages on its up-to-date IT infrastructure to support its product and service delivery to satisfy the growing expectations of customers.

It has earnestly continued to recruit new talent and provide training to upskill the staff so as to increase and sharpen their sales and marketing efforts.

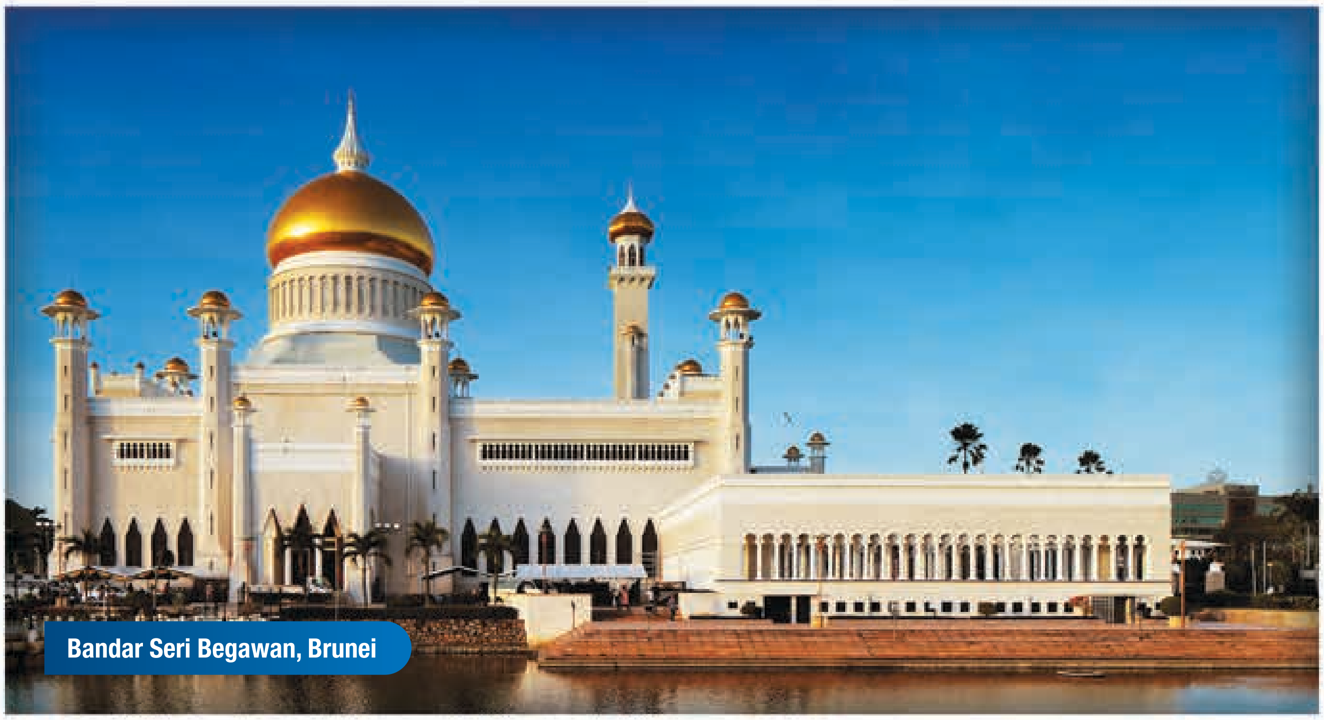
The Segment is confident of adding more brands to its stable of products and systems and further widening its customer base. It also aims to increase its value-added business, especially to those companies that are moving into Industry 4.0.

TEST & INSPECTION ("T&I") SEGMENT

Generally, the T&I Segment's on-site services such as Field Testing, Soil Investigation ("SI") and Soil Instrumentation & Monitoring ("SIM") fared well, while Non-Destructive Testing ("NDT") & Heat Treatment ("HT") from the Oil & Gas cluster suffered from the dearth of work and intense pricing pressure during the year.

Over the last two years, price competition has intensified, this is due primarily to fewer jobs available in the private construction industry and the Oil & Gas cluster.

Segment revenue decreased by $1.23 million to $25.79 million, due to lower contributions from NDT and HT business in Singapore and Indonesia's Oil & Gas clusters that were attributed to the completion of earlier projects and the continued weak demand.



REPORT BY THE CHIEF EXECUTIVE OFFICER

Pricing pressures arising from stiff competition for a smaller projects pie in Singapore's private construction industry negatively impacted revenue from Laboratory Testing ("Lab") services.

Gross profit had declined marginally during the year dragged down by poorer contribution from the Lab business.

Laboratory Testing ("Lab") Services

The Lab's revenue was down this year mainly due to the stiff competition faced within the Commercial & Residential sector. Nonetheless, Lab business is still the major contributor to T&I.

Revenue from Lab's business in Malaysia had slid slightly this year, however, the country's outlook in the coming two years seems promising. CASTconsult Sdn Bhd ("CCSB") has newly secured a site Lab Testing contract for a Rail project that is expected to be completed over the next 2 years, and should contribute positively to revenue. CCSB will continue to invest in testing capabilities to expand its Lab Testing services in Johor and Melaka.

Venturing further afield, the Segment has entered the Myanmar and Cambodian markets to provide Lab services as its sees potential from the private construction industry in the two countries.

With the Laboratory Testing market coming under increased pricing pressure, CLPL is eyeing more SI and SIM jobs from Infrastructure projects in Singapore.

Non-Destructive Testing ("NDT") and Heat Treatment ("HT")

NDT and HT revenue slid lower in 2018, primarily because of fewer new Oil & Gas projects in Singapore and Indonesia. The bulk of the revenue in the previous two years came from Malaysia and Indonesia, and the volume is expected to grow.

The Segment has also extended its presence into Melaka to participate aggressively in tenders for the Melaka Gateway Development projects, as well as power plants in the area.

Meanwhile it has continued to focus its efforts on projects in the Refinery and Petrochemical Integrated Development ("RAPID") in Pengerang.

Yangon, Myanmar

T&I business in Indonesia primarily focuses its activities in Batam. The Oil & Gas market there is expected to improve which should result in higher NDT and HT sales.

In another effort to expand in the region, the Segment has penetrated into The Philippines market where it has secured a NDT & HT contract from a private electric distribution utility company. It intends to further grow its NDT & HT business from the expanding electrification infrastructure developments there.

Soil Investigation ("SI") and Soil Instrumentation & Monitoring ("SIM")

SI and SIM were the only ones in the financial year to register growth and better margin. Revenue grew from both public infrastructure and private sector projects.

Going forward, this Segment in Singapore will continue to focus on government agency projects such as those from Land Transport Authority, Public Utility Board and Housing Development Board on top of subcontract work from private contractors.

SWITCHBOARD SEGMENT ("SB")

Switchboard ("SB") Segment revenue had remain flat and continues to face a stagnant market in Brunei as the private construction sector there had slowed down considerably. Its profit before tax had declined by $0.09 million to $0.26 million.

CHALLENGES AHEAD IN SLOW & UNCERTAIN MARKET

The market continues to be veiled by a cloud of uncertainties, as trade tensions and political instability in some parts of the world dampen investor sentiments and stall infrastructure developments.

However, there seems to be a silver lining beyond the horizon. The Oil & Gas and Petrochemical clusters have just made their recovery as oil majors have become more profitable again. Major players are expected to ramp up their investment in new plants and production line extensions.

The surge in Electronics industry growth over 2016 – 2017 has continued in 2018, with Asia expected to enjoy the strongest growth. Global demand for electronics and semiconductor equipment is expected to continue its expansion in 2018 albeit at a slower pace.

REPORT BY THE CHIEF EXECUTIVE OFFICER

Phnom Penh, Cambodia

Both public and private construction has slowed region wide. In Singapore, construction output had been weak since 2015 till mid-2017 before demand began to pick up. It is expected to bottom out by end-2018 and have a better year in 2019.

The recent cooling measures introduced by the Singapore government are expected to weigh on private residential construction, while public sector construction will remain lacklustre.

On construction demand, the Building and Construction Authority ("BCA") had at the beginning of 2018 said that total demand in 2017 was slightly lower than the original $28 billion to $35 billion it had estimated. It attributed the shortfall to the rescheduling of several major public sector projects including the North-South Corridor expressway.

Public sector work is estimated at between $16 billion and $19 billion in 2018. Projects expected to be awarded in the year include new MRT works, the Deep Tunnel Sewerage System Phase 2, and several major healthcare facilities.

On infrastructure demand in the region, the Asian Development Bank ("ADB") has estimated that South-east Asia would require approximately $3.78 trillion in infrastructure investments up to 2030. One of the key infrastructure gaps it says, is the lack of a continuous supply of electricity.

ADB also identified Indonesia and The Philippines as two countries with the greatest infrastructure need in the region.

STRENGTHENING INTERNALLY, EXPANDING EXTERNALLY

The Group will continue to drive sales growth by improving operational efficiencies and increase productivity by strengthening its internal resources, systems and processes.

We will be approaching the market challenges from several angles. Attracting, retaining and retraining talent will remain a key part of our people-centric business. This has become increasingly important as we grow our markets regionally, and as we have to become more competitive while continuing to provide responsive and reliable support for all our business entities in the neighbouring countries.

“We will be approaching the market challenges from several angles. Attracting, retaining and retraining talent will remain a key part of our people-centric business. This has become increasingly important as we grow our markets regionally, and as we have to become more competitive while continuing to provide responsive and reliable support for all our business entities in the neighbouring countries.”

At the manufacturing level, our Tri-Axis strategy of production plants in Singapore, Malaysia and Vietnam will continue to innovate and improve their networks and services to further expand their revenue streams.

For instance, the Singapore plant plans to make products that can be tailored to the on-demand needs of urgent projects in various sectors and has also embarked on a programme to digitalise the manufacturing value chain, adopting the IoT to improve its processes and become more efficient and productive.

We believe that this digitalisation programme in Singapore can be replicated subsequently in the two other plants in Malaysia and Vietnam. By doing so, we can morph the capability of our Tri-axis strategy of manufacturing facilities into a formidable cable and wire force in the region.

Our digitisation programme will also cover the front-end sales, marketing and administration domains to transform the way we provide customer support and service as a SMART Enterprise.

To ensure it will be successful, we will motivate our staff to adapt and embrace the transformation journey. We will poise ourselves to become more productive and customer responsive.

Becoming a first mover in new regional markets

In growing our regional markets, we will continue to be mindful of the business culture and unique needs of our customers, by keeping abreast of local market trends and tailoring cost-effective solutions for their projects.

Increasingly we will partner with associates in the various sectors, as well as leverage on the respective strength of the Group’s Segments, to make further inroads into new markets and expand the business in existing ones.

Where necessary we will invest further in building our capabilities and facilities in the region to become a first mover in the use of state-of-the-art technology to better support our customers.

Overall, the Group is planning and taking every possible measure to ensure that our revenue continues to grow.

Singapore will certainly remain as a major contributor to revenue growth. There is still a sizable volume of business in the country, especially in the Infrastructure, Commercial & Residential, as well as the Oil & Gas and Electronics clusters. We are confident that our established brand and reputation for quality and reliability will continue to see us well into the future.

Global economic downside risks are beyond our control. To lift revenues and improve profitability, we will continue to exercise greater prudence in cost control and financial discipline, as well as pricing, in the increasingly competitive environment.

Lim Boon Hock Bernard
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

REACHING OUT TO HELP MORE WHO ARE IN NEED

The Tai Sin Electric Group considers Community Service not only as a great way to help others but also an important investment in our community and its people, especially the less privileged and needy.

By participating in meaningful services, our staff have the opportunity to spend their time on helping the needs of others and foster good bonding among themselves. These activities also inculcate empathy and self-efficacy that can go a long way in sustaining their contribution to the community in the future.

Our group continues to find new areas of needs in the community during the year for our staff to volunteer their time for others who are less privileged. Our ongoing Corporate Social Responsibility ("CSR") programme are:

SUPPORTING THE REHABILITATION OF EX-OFFENDERS THROUGH YELLOW RIBBON RUN

Since 2016, staff from CLPL has been participating in the Yellow Ribbon Run to support efforts devoted to the rehabilitation and reintegration programmes for ex-offenders and the related support services for their families.

The number of participants has increased from 50 in 2016 to 80 in 2017 and almost 100 for the Run on 9 September 2018. The Group also made a modest contribution of $2,500 to the event's fund raising effort.

This CSR effort is most meaningful, because besides contributions to the ex-prisoners, the staff also gets to sweat it out on a Sunday morning and enjoy lots of fellowship and bonding with each other.

LIM KIM HAI ELECTRIC CHARITY GOLF

During the financial year, in conjunction with the 60th Anniversary of the company, Lim Kim Hai Electric Co. (S) Pte Ltd, the company's friends and business partners rallied together at Raffles Country Club Lake Course on 13 February 2018 to support a worthy cause through the annual Lim Kim Hai Charity Golf tournament.

Besides providing an excellent opportunity for friendship and camaraderie, the event helped to raise a total of $52,000 from the 120 players for the Tzu Chi Foundation, an approved Institution of Public Character ("IPC") which also happened to celebrate its 25th Anniversary.

Since 1987, Tzu Chi has been providing aid to needy households and its volunteers have been making regular home visits to give care and emotional support to the sick and lonely elderly.

"A VERY SPECIAL WALK" FOR AUTISM

For the first time, staff from the Group joined "A Very Special Walk", the signature fundraising event organised by the Autism Resource Centre ("ARC") Singapore since 2005.

Some 50 of them walked with about 1,800 participants in the event held at Resort World Sentosa on 28 July 2018. A total of $1.065 million was collected by ARC from the Walk to help children and adults with Autism Spectrum Disorder lead meaningful and independent lives in society. Its efforts include equipping adults with autism with employability skills through essential job training and support to match and place them in suitable jobs.

MORE "BREAKFAST WITH LOVE" @ RADIN MAS

Since March 2017, our staff have been giving breakfast treats and spending time with a group of needy seniors at the Radin Mas Community Club on the first Sunday of every alternate month.

From 9am to 11am the staff served them breakfast, interacted and joined them in some fun games such as singing, exercise, bingo game and lucky draw. The seniors also each received a goody bag to bring home after every session.

Yellow Ribbon Prison Run

LKH Charity Golf

Breakfast with Love @ Radin Mas

We Care @ North West

BOARD OF DIRECTORS

TAY JOO SOON
Chairman, Non-Executive and Independent Director

Date of Appointment as Director
- April 2007 as Non-Executive and Independent Director
- January 2015 as Non-Executive and Independent Chairman

Length of Service as Director (as at 30 June 2018):
- 11 years

Board Committee Served On:
- Audit and Risk Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications:
- Life Member of the Institute of Singapore Chartered Accountants
- Fellow of the Institute of Chartered Accountants, Australia
- Member of Certified Public Accountant, Australia
- Member of Singapore Institute of Accredited Tax Professionals
- Life Member of the Malaysian Institute of Certified Public Accountants

Present Directorships in Listed Companies (as at 30 June 2018):
- Nil

Past Directorships in Listed Companies over the preceding three years:
- Nil

Others:
- Practising Chartered Accountant of Tay Joo Soon & Co. since 1970
- Member of Health Industries South Australia Advisory Board
- Deputy Chairman of Holcim (Singapore) Pte Ltd
- Deputy Chairman of Singapore Island Country Club

LIM BOON HOCK BERNARD
Chief Executive Officer / Executive Director

Date of Appointment as Director
- September 1997 as Executive Director
- June 2003 as Chief Operating Officer
- July 2013 as Chief Executive Officer

Length of Service as Director (as at 30 June 2018):
- 21 years

Board Committee Served On:
- Nil

Academic & Professional Qualifications:
- Bachelor of Arts (Social Sciences), Curtin University of Technology, Perth, Western Australia
- Master of Business Administration, University of Strathclyde, United Kingdom

Present Directorships in Listed Companies (as at 30 June 2018):
- Nil

Past Directorships in Listed Companies over the preceding three years:
- Nil

Others:
- Nil

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT, PBM BBM KStJ

Non-Executive and Non-Independent Director

Date of Appointment as Director

- October 1997 as Managing Director
- July 2013 as Executive Director
- July 2016 as Non-Executive and Non-Independent Director

Length of Service as Director (as at 30 June 2018):

- 21 years

Board Committee Served On:

- Audit and Risk Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications:

- Honorary Fellow of Singapore Institute of Engineering Technologies
- Fellow of the Chartered Management Institute, United Kingdom

Present Directorships in Listed Companies (as at 30 June 2018):

- Non-Executive and Independent Director, Hubline Berhad

Past Directorships in Listed Companies over the preceding three years:

- Nil

Others:

- Patron of Toa Payoh East CCC
- Managing Director of Lim Kim Hai Electric Co (S) Pte Ltd from 1972 to 1997

SOON BOON SIONG

Non-Executive and Independent Director

Date of Appointment as Director

- November 2012 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2018):

- 6 years

Board Committee Served On:

- Audit and Risk Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications:

- Degree in Business Administration, University of Singapore

Present Directorships in Listed Companies (as at 30 June 2018):

- Nil

Past Directorships in Listed Companies over the preceding three years:

- Non-Executive and Independent Director, Dynamic Colours Limited

Others:

- Managing Director – Corporate Finance of Crowe Horwath Capital Pte Ltd (previously known as Partners Capital (Singapore) Pte Ltd)

BOARD OF DIRECTORS

LEE FANG WEN
Non-Executive and Independent Director

Date of Appointment as Director
- July 2015 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2018):
- 3 years

Board Committee Served On:
- Audit and Risk Committee (Member)
- Nominating Committee (Chairman)
- Remuneration Committee (Chairman)

Academic & Professional Qualifications:
- Bachelor of Engineering, Chemical, National University of Singapore

Present Directorships in Listed Companies (as at 30 June 2018):
- Non-Executive and Independent Director, Asiatic Group (Holdings) Limited

Past Directorships in Listed Companies over the preceding three years:
- Nil

Others:
- Executive Director – Creative Master Bermuda Limited from 2013 to 2014
- Business Development Director – MFS Technology (S) Pte Ltd from 2002 to 2005 & 2007 to 2009

RENNY YEO AH KIANG, PBM BBM
Non-Executive and Independent Director

Date of Appointment as Director
- July 2018 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2018):
- Nil

Board Committee Served On:
- Nil

Academic & Professional Qualifications:
- Higher National Diploma (HND) in Electrical & Electronic Engineering, Southampton College of Technology, United Kingdom
- Master in Management (MBA), Asia Institute of Management, Philippines

Present Directorships in Listed Companies (as at 30 June 2018):
- Independent Chairman, Sin Heng Heavy Machinery Limited
- Non-Executive and Lead Independent Director, OEL Holdings Ltd

Past Directorships in Listed Companies over the preceding three years:
- Nil

Others:
- Board Member of Enterprise Singapore
- Chairman of The Singapore Accreditation Council
- Advisor of Electrical & Electronic Product Standards Committee (Enterprise Singapore)
- Member of the Board of Governors of Singapore Manufacturers' Federation
- Member of the Future Economy Council Manufacturing Sub-Committee
- Former Executive Chairman & Director of Draka Cableteq Asia Pacific Holdings Pte Ltd and its subsidiaries
- Former Board Member of SPRING Singapore
- Former Director of PSB Corporation Pte Ltd
- Former Board Member of the Productivity & Standards Board
- Former Board Member of Building and Construction Authority
- Former Board Member of the Singapore Green Building Council
- Former President of the Singapore National Committee (SNC) of The International Electrotechnical Commission [SNC(IEC)]
- Former Member of the Standard Council (SPRING)
- Former Chairman of Electrical & Product Standards Committee (SPRING)
- Former Emeritus President and President of Singapore Manufacturers' Federation
- Former Member of the National Productivity Council

CORPORATE

LIM BOON HOCK BERNARD
Chief Executive Officer;
Tai Sin Electric Limited
Join Since: 1997

LIM LIAN ENG SHARON
Chief Information Officer;
Tai Sin Electric Limited
Join Since: 2000

TAN YONG HWA, MBA CA FCCA
Chief Financial Officer;
Tai Sin Electric Limited
Join Since: 2006

CABLE & WIRE (C&W) SEGMENT

LIN CHEN MOU
General Manager;
Tai Sin Electric Limited
Join Since: 1983

CHA POO CHUN
Deputy General Manager;
Tai Sin Electric Limited
Join Since: 2006

JOHNSTON H K TEO
Vice President, Head of Sales;
Tai Sin Electric Limited
Join Since: 2000

VINCENT LOW
Senior Manager – Sales & International Market Development;
Tai Sin Electric Limited
Join Since: 1990

LIM TIN LEONG
Senior Business Manager;
Tai Sin Electric Limited
Join Since: 1981

YAP KONG FUI
Senior Manager – Group Manufacturing;
Tai Sin Electric Limited
Join Since: 2006

LEE CHOON MUI PATRICIA
General Manager;
Tai Sin Electric Cables (Malaysia) Sdn Bhd
Join Since: 1998

TEH CHOON KONG
General Manager – Operations;
Tai Sin Electric Cables (VN) Co Ltd
Join Since: 2003

SIN TUYET MAI, MBA
General Director;
Lim Kim Hai Electric (VN) Co Ltd
Deputy General Director – Sales & Marketing;
Tai Sin Electric Cables (VN) Co Ltd
Join Since: 2004

SWITCHBOARD (SB) SEGMENT

CHANG CHAI WOON MICHAEL
Executive Director;
PKS Sdn Bhd
Join Since: 1989

NG SHU GOON TONY
General Manager;
PKS Sdn Bhd
Join Since: 1989

ELECTRICAL MATERIAL DISTRIBUTION (EMD) SEGMENT

LIM CHAI LAI @ LOUIS LIM CHAI LAI
Chairman;
Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1967

CHIA AH HENG
Deputy Chairman;
Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1969

ONG WEE HENG
Chief Executive Officer;
Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 1979

FRANCIS PAN THIAM SING
General Manager;
Lim Kim Hai Electric Co (S) Pte Ltd
Join Since: 2009

DANIEL POON KWANG POO
General Manager;
LKH Projects Distribution Pte Ltd
Join Since: 1980

JOYCE TAN SAY CHENG
General Manager;
LKH Precicon Pte Ltd
Join Since: 1987

TEST & INSPECTION (T&I) SEGMENT

LIM ENG HENG
Chief Executive Officer;
CAST Laboratories Pte Ltd
Join Since: 1991

VICTOR TIAN MONG CHING, CStJ
Executive Director;
CAST Laboratories Pte Ltd
Join Since: 1981

CHAI THEY JHAN, PB
General Manager – Operations;
CAST Laboratories Pte Ltd
Join Since: 1978

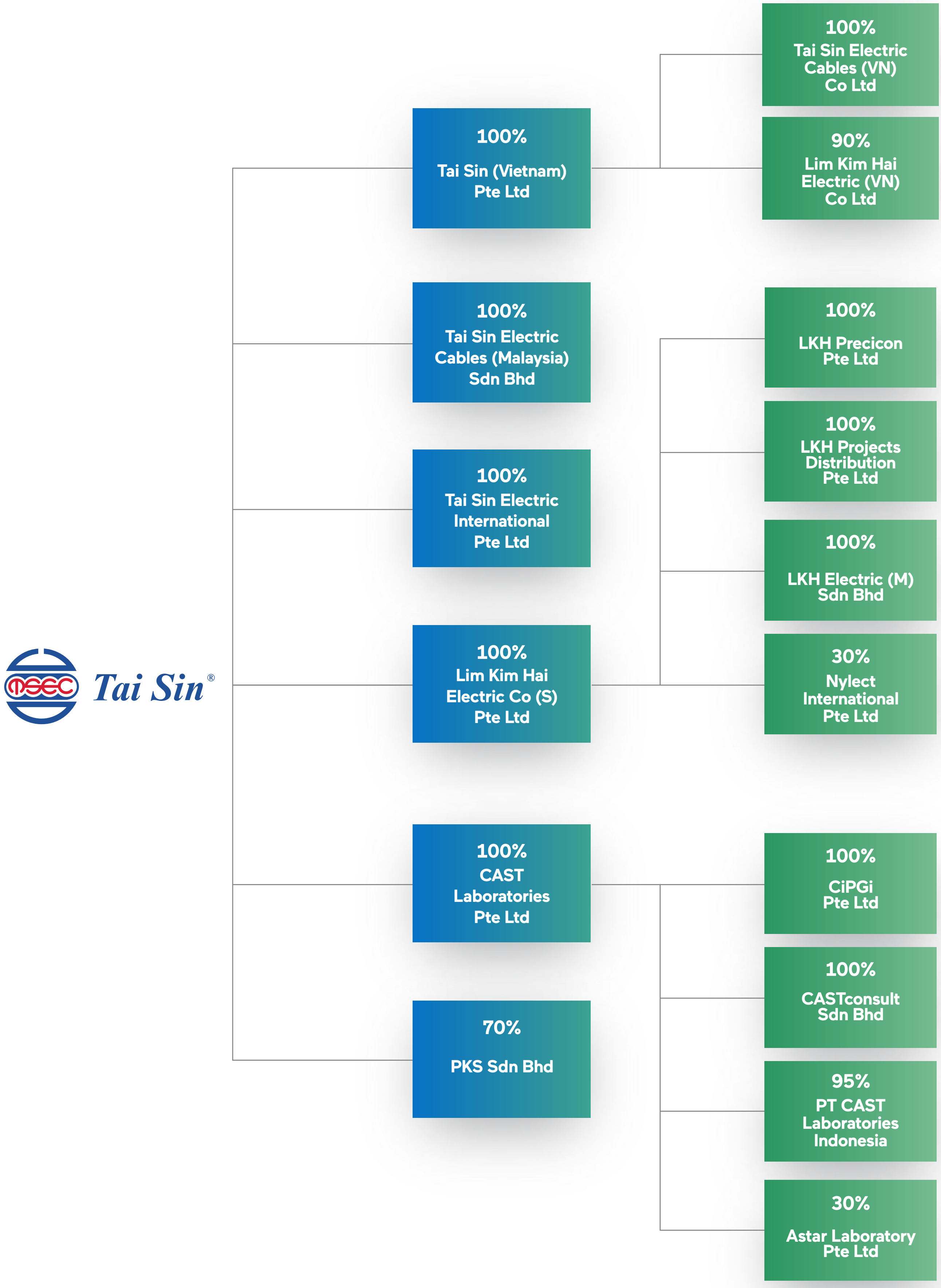
TAN BEE YONG
General Manager – Finance & Administration;
CAST Laboratories Pte Ltd
Join Since: 2010

CHENG MING CHOY
General Manager – Projects;
CAST Laboratories Pte Ltd
Join Since: 2007

MOHD NIZAM B. MOHD YUSOF
General Manager;
CASTconsult Sdn Bhd
Join Since: 1989

DEWI YULIANA
General Manager;
PT CAST Laboratories Indonesia
Join Since: 2009

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tay Joo Soon
Non-Executive and Independent Chairman

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Lim Chye Huat @ Bobby Lim Chye Huat
Non-Executive and Non-Independent Director

Soon Boon Siong
Non-Executive and Independent Director

Lee Fang Wen
Non-Executive and Independent Director

Renny Yeo Ah Kiang*
Non-Executive and Independent Director

AUDIT AND RISK COMMITTEE

Soon Boon Siong
Chairman

Tay Joo Soon
Lee Fang Wen
Lim Chye Huat @ Bobby Lim Chye Huat

NOMINATING COMMITTEE

Lee Fang Wen
Chairman

Tay Joo Soon
Soon Boon Siong
Lim Chye Huat @ Bobby Lim Chye Huat

REMUNERATION COMMITTEE

Lee Fang Wen
Chairman

Tay Joo Soon
Soon Boon Siong
Lim Chye Huat @ Bobby Lim Chye Huat

SECRETARY

Tan Shou Chieh

COMPANY REGISTRATION NUMBER

198000057W

REGISTERED OFFICE

24 Gul Crescent
Singapore 629531
Tel: 6672 9292
Fax: 6861 4084
Email: ir@taisin.com.sg

SHARE REGISTRARS & SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: 6593 4848

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-In-Charge:
Rankin Brandt Yeo
Appointed for the year ended 30 June 2018

PRINCIPAL BANKERS

United Overseas Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
DBS Bank Ltd
CIMB Bank Berhad

* Appointed on 1 July 2018

SUSTAINABILITY REPORT

CONTENTS

ABOUT THIS REPORT

GRI 102-1 | 102-45 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54

Tai Sin Electric Limited Group of Companies (“Tai Sin” or “The Group”) is proud to present our inaugural annual 2018 Sustainability Report, which showcases our efforts and progress to strengthen our sustainability practices. The report covers our activities for the Financial Year 2018 from July 2017 to June 2018. The scope of the report covers our operations in Singapore, where Tai Sin is headquartered.

The report has been developed with reference to Global Reporting Initiative (“GRI”) Standards. The GRI Content Index on page 40 indicates the full list of GRI references and disclosures used in this report.

We welcome your feedback on our sustainability report and any aspect of our performance. Please address all feedback to: ir@taisin.com.sg

SUSTAINABILITY BOARD STATEMENT

GRI 102-14

Tai Sin is delighted to publish its first annual Sustainability Report. This FY18 report highlights our efforts and captures our initiatives to steer corporate sustainability across all our business functions.

ENVIRONMENT

We are aware of our responsibility to conduct our business in an environmentally conscious manner and help maximise the preservation of our resources.

To demonstrate our commitment, we are taking several sustainability initiatives in our Tai Sin Electric production facility based in Singapore. We are upgrading the existing facility by adopting the latest technology of Industry 4.0 and IoT towards smart manufacturing, which would help us achieve higher efficiency.

We are also adopting ISO14001 for all the manufacturing facilities of Tai Sin Electric across the region and are going to set up an Environment Management System. The Group believes this will help us reduce our energy consumption and waste production. In addition, it would further reduce our internal cost and help us gain a competitive advantage over our peers.

PEOPLE

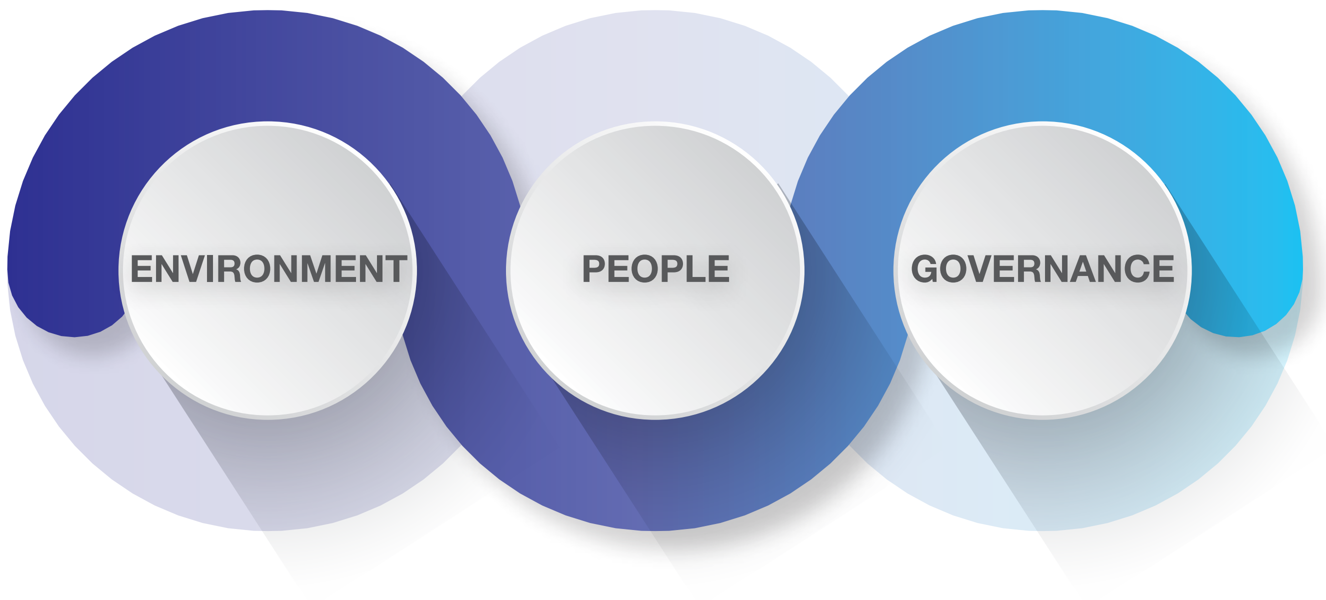
We believe our employees form the backbone of our organisation and we are committed to creating a healthy and conducive working environment for them. To ensure this, we comply with the bizSAFE standards set up by the Workplace Safety and Health Council Singapore in all our local operations.

To ensure the highest quality service to our customers, we believe our employees should always be abreast of the latest development in our industry. It is therefore our utmost priority to continue our investments in the training and development of all our employees as well as develop the management staff to support our business expansion.

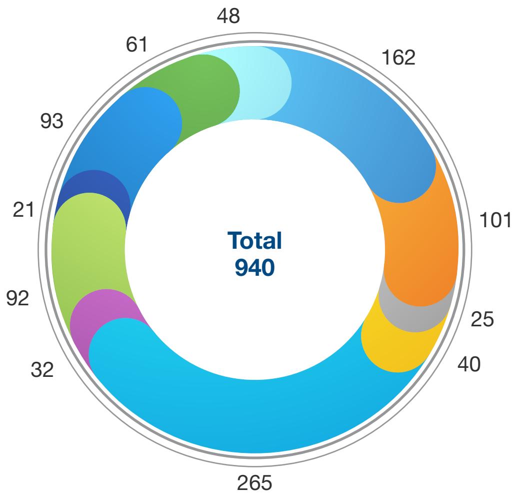
GOVERNANCE

We help to ensure that the Group operates in an ethical manner and complies with the highest standards of corporate governance. We have set up various committees to assist in maintaining transparency, accountability and integrity across all our operations.

We thank our stakeholders for their continued support in every aspect of our business, and look forward to sharing our sustainability journey with them.



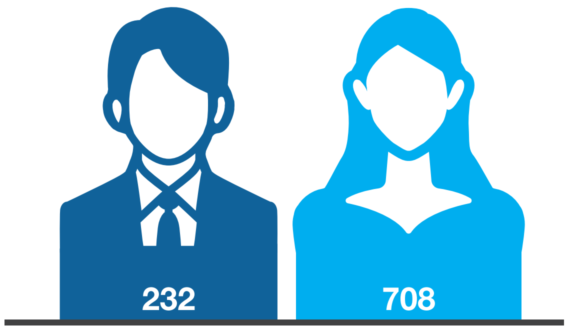
Total Employees by Company



- CASTconsult Sdn Bhd - 92
- CAST Laboratories Pte Ltd - 265
- CAST Laboratories Pte Ltd (Branches) - 32*
- Lim Kim Hai Electric Co (S) Pte Ltd - 101
- Lim Kim Hai Electric (VN) Co Ltd - 48
- LKH Precicon Pte Ltd - 40
- LKH Projects Distribution Pte Ltd - 25
- PT CAST Laboratories Indonesia - 21
- Tai Sin Electric Cables (Malaysia) Sdn Bhd - 93
- Tai Sin Electric Cables (VN) Co Ltd - 61
- Tai Sin Electric Limited - 162

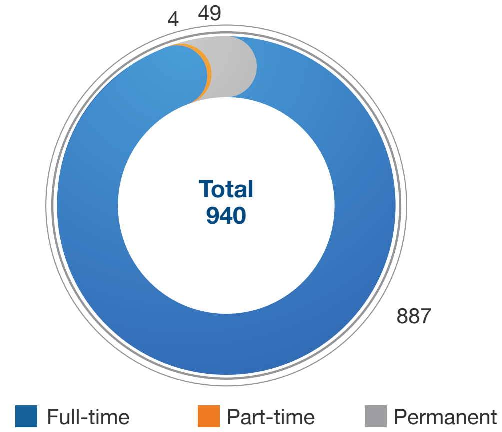
* *Refer to branches in Cambodia, Myanmar & The Philippines.*

Total Employees by Gender

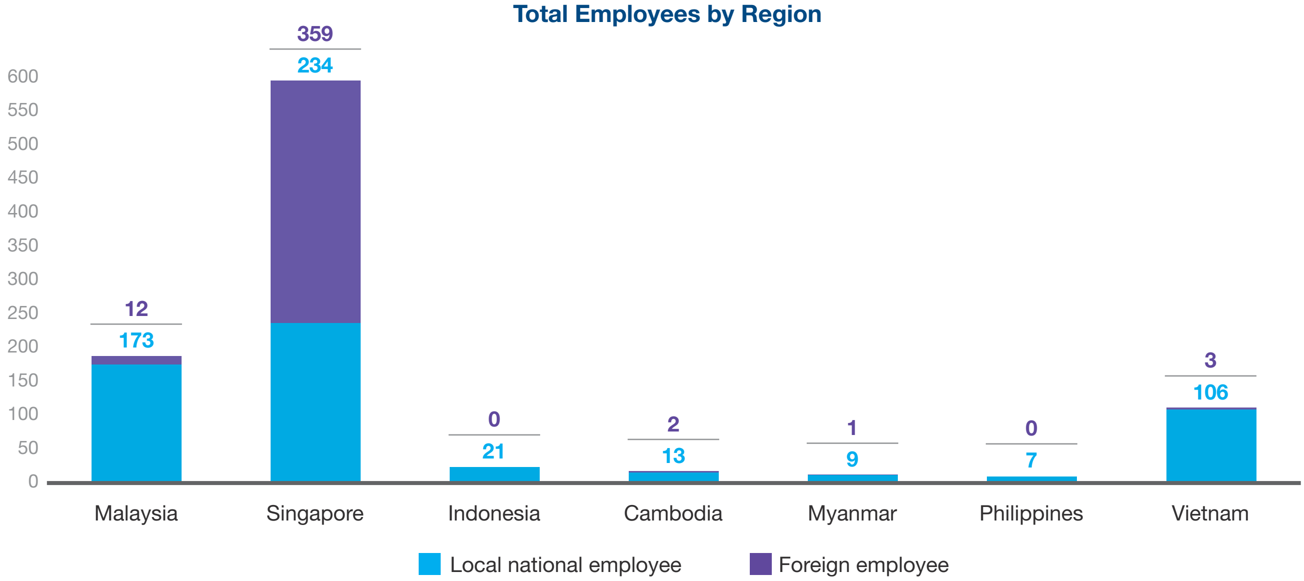


Total: 940

Total Employees by Employment Type



Total Employees by Region



Note: *The above charts represent employee data from local and oversesas operations of the group for FY18. Please see the Appendix on page 38 for more detailed data on employees.*

SUPPLY CHAIN

GRI 102-9

Cable & Wire

1. Acquire raw materials such as copper, PVC etc
2. Raw materials will be processed through the manufacturing plants
3. Finished products sold to contractors, dealers and wholesalers

Electrical Material Distribution

1. Buy products from manufacturer and stock in warehouse
2. Promote products through different channels, e.g. online, personal selling or roadshows
3. Sell to customers e.g. end users, Original Equipment Manufacturer ("OEM"), contractors & system integrator

Test & Inspection

1. On-site and In-house lab testing
2. Generate test reports
3. Serve contractors, engineers and consultants

GOVERNANCE STRUCTURE

GRI 102-18

Sustainability is governed at various levels in our organisation and is led by our senior management. They ensure the alignment of our business objectives with our sustainability targets. The senior management is further responsible for communicating the sustainability progress and performance to the Board of Directors.

MEMBERSHIPS AND EXTERNAL CHARTERS

GRI 102-12 | 102-13

We are proud to be members of the following organisations:

- Singapore Electrical Trades Association
- Singapore Manufacturing Federation
- Singapore Business Federation
- Singapore National Employers Federation

The initiatives followed by our different entities are as follows:

- Tai Sin Electric Limited (“TSE”): 5s, ISO 9001, ISO 14001, OHSAS 18001, BizSafe Star
- CAST Laboratories Pte Ltd (“CLPL”): ISO 14001, OHSAS 18001, BizSafe Star
- Lim Kim Hai Electric Co (S) Pte Ltd (“LKHE”): ISO 9001, BizSafe Level 3
- LKH Projects Distribution Pte Ltd (“LKHPD”): ISO 9001, BizSafe Level 3
- LKH Precicon Pte Ltd (“LKHP”): ISO 9001, BizSafe Level 3

STAKEHOLDER ENGAGEMENT

GRI 102-40 | 102-42 | 102-43 | 102-44

Tai Sin believes it is essential to engage with stakeholders to understand what matters most to us socially, environmentally and economically. We maintain regular dialogues with our stakeholders and select them based on importance, representation, responsibility, dependency, and proximity.

For the development of this report, we conducted an interactive workshop to identify the material issues and the priorities of our stakeholders. This was then benchmarked against the reports from our peers to identify the top materiality concerns.

We continuously seek to improve communication with our stakeholders, and take their inputs into serious consideration when developing our sustainability strategy. We encourage our stakeholders to be honest in their feedback in order for us to establish better trust and strengthen our relationship.

Stakeholder	Concerns Raised	Mode of Engagement	Frequency of Engagement
Investors	• Economic Performance • Environmental Compliance • Socioeconomic Compliance	• Annual General Meeting • Quarterly Financial Results Announcement • Annual Reports • Company website	• Annually/Periodically (depending on mode of engagement)
Suppliers	• Economic Performance • Procurement Practice • Materials	• Meetings to review on sales program and performance	• Monthly
Customers	• Energy • Customer Health and Safety • Marketing and Labelling	• Email updates and regular formal / informal communication through phone or face-to-face meeting to discuss on projects and introduction of new product/service	• Periodically
Regulators	• Environmental Compliance • Employment • Occupational Health and Safety	• Minimum engagement	• Periodically
Management	• Economic Performance • Employment • Labour/management relations	• Through formal / informal meetings / email / conference call (overseas)	• Periodically
Employees	• Market Presence • Employment • Occupational Health and Safety	• Regular dialogue sessions with management • Recreation activities • CSR program	• Periodically

MATERIALITY ASSESSMENT

GRI 102-46 | 102-47 | 103-1

We conducted a materiality assessment in accordance with the Global Reporting Initiative ("GRI") Standards to identify and evaluate material issues important to Tai Sin and our stakeholders. We undertook the process of identification, prioritisation, and validation with our senior management, to determine our material issues. The indicators were prioritised based on importance to external stakeholders and the impact we are making towards the environment, society, and economy.

We believe this process will help us continue to understand the demands and concerns of our stakeholders as well as make our diverse operations more sustainable.

Material Aspects and Indicators Identified

Categories	Material Aspects	List of Indicators	Aspect Boundary
Economic	Economic Performance	201-1 Direct economic value generated and distributed	Within organisation
Environment	Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Within organisation
Social	Employment	401-1 New employee hires and employee turnover	Within organisation
	Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related	Within organisation
	Training and Education	404-1 Average hours of training per year per employee	Within organisation

ENVIRONMENT

Environmental Compliance
GRI 103-1| 103-2 | 103-3 | 307-1

WHY IS THIS A MATERIAL ISSUE?

At Tai Sin, we are committed to creating long-term business growth and at the same time make it our responsibility to ensure minimal damage to the environment through our operations.

OUR APPROACH

We comply with all the applicable local and international environmental regulations and constantly monitor our performance to continue to improve the management of environmental impact.

Specifically, to avoid mosquito breeding instances, we have implemented the following measures:

- Daily Environmental safety and good practices briefing
- Immediate disposal of slurry water
- Regular housekeeping at worksite
- Mosquito oil spraying
- Regular onsite inspection

FY18 PERFORMANCE

There were no significant fines* and non-monetary sanctions for non-compliance with enviromental laws and/or regulations identified.

FY19 TARGETS

We aim to have zero cases of non-compliance with environmental law and regulations for the next financial year.

**Note: We consider fines > $1,000 per case as significant.*

WHY IS THIS A MATERIAL ISSUE?

At Tai Sin, we believe people are the most important resources and the success of the company depends on the diverse skills and talents that they have to offer.

Employee engagement is a critical aspect of managing human resource. We are committed to maintaining diversity by fair hiring of new employees and promoting existing employees based on merit regardless of race, religion, nationality or gender.

OUR APPROACH

To demonstrate our commitment, Tai Sin follows the recommendation of the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP). This includes the following considerations:

- Fair hiring practices
- Appraisal, promotion, posting, and training
- Age management
- Work-life balance

We also adhere closely to the Employment Act set up by the Ministry of Manpower, Singapore. We keep our HR policies and guidelines closely aligned and updated in this aspect.

FY18 PERFORMANCE

New hires by age group^

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
< 30	7	3	0	4	20
30-50	4	2	3	6	18
> 50	2	0	0	0	1

New hires by gender^

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
Female	9	4	2	3	8
Male	4	1	1	7	31

Employee turnover by age group*

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
< 30	5	0	1	5	14
30-50	7	5	0	6	28
> 50	1	1	0	2	3

Employee turnover by gender*

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
Female	12	2	0	5	10
Male	1	4	1	8	35

FY19 TARGETS

We aim to further improve our new employee hire and turnover rate to attract the best candidates and ensure employee retention.

Note: The above numbers represent our operations in Singapore. Please see the Appendix on page 38-39 for more detailed data.
^ Inclusive of hires of contract employees
** Inclusive of non-renewal of contract employees*

SOCIAL

Occupational Health and Safety

GRI 103-1 |103-2 | 103-3 | 403-2

WHY IS THIS A MATERIAL ISSUE?

Our employees are our most valuable asset and we see it as our responsibility to ensure a safe and healthy working environment for them.

We are committed to ensure all the employees are performing their work in a safe manner, and strive to prevent any occupational and health hazards. This will enable our employees to maximise their performance and deliver high quality results without having to worry about their safety and physical well-being.

OUR APPROACH

Due to the nature of work at our entity Tai Sin Electric Limited, we have engaged a work place safety officer who is responsible for auditing the occupational health and safety as well as to provide recommendations to prevent workplace hazards. On a quarterly basis, we also review the safety report during the operational meeting.

Apart from this, all our Singapore business entities comply with the bizSAFE standard setup by the Workplace Safety and Health Council Singapore.

FY18 PERFORMANCE

Absentee Rate

Percentage	LKHE	LKHP	LKHPD	TSE	CLPL
Absentee Rate	7.00	7.77	3.23	7.31	6.06

FY19 TARGETS

We aim to reduce our absentee rate percentage and keep it to below 7% for all the above operations.

Note: Please see the Appendix on page 39 for more detailed data. Absentee Rate was derived based on total hours of absence (including hospitilisation / MC) as a percentage of total number of man-hours worked.

WHY IS THIS A MATERIAL ISSUE?

With rapid changes in technology and industrial demands, we make sure our employees stay up to date in order to provide the best service quality to our customers.

Training and education is at the heart of Tai Sin human capital, and we believe that with the right resources and opportunity, every individual employee has great potential and something unique to offer.

OUR APPROACH

We invest in talent development and encourage our employees to develop their skillset and competencies. We continuously send our staff for courses, skill upgradation, and various training to hone their area of expertise.

Under the support of WDA Enterprise Training Support (ETS) Scheme, Tai Sin group of companies aims to leverage on the scheme to enhance its in-house training infrastructure and capabilities that will help to raise skills and productivity of the workers.

We hope that through regular employee engagement programmes and training courses, we will be able to encourage innovative thinking and keep improving the quality of service to our valued customers.

FY18 PERFORMANCE

AVERAGE TRAINING HOURS PER EMPLOYEE **17.20**

FY19 TARGETS

We hope to increase the average training hours per employee to 18 hours by introducing more training programmes and initiatives.

Note: Please see the Appendix on page 39 for more detailed data.

APPENDIX

EMPLOYEE INFORMATON – (102-8)					
People	LKHE	LKHP	LKHPD	TSE	CLPL
Total employees by gender- YTD					
Male	52	18	14	130	222
Female	49	22	11	32	43
Total employees	101	40	25	162	265
Total employees by age group – YTD					
<30 years old	15	15	2	22	71
30-50 years old	39	17	18	95	156
>50 years old	47	8	5	45	38
Total employees by type and gender - YTD					
Full-time (Male)	41	16	14	119	216
Full-time (Female)	41	22	10	24	40
Part-time (Male)	0	0	0	0	0
Part-time (Female)	0	0	0	0	1
Permanent Contract (Male)	11	2	0	11	6
Permanent Contract (Female)	8	0	1	8	2
Total employees by type and nationality - YTD					
Full-time (SG)	77	29	20	53	54
Full-time (Others)	24	11	5	109	210
Part-time (SG)	0	0	0	0	1
Part-time (Others)	0	0	0	0	0

EMPLOYMENT – (401-1)					
	LKHE	LKHP	LKHPD	TSE	CLPL
New employee hires by age group – Singaporean					
<30 years old	3	0	0	1	3
30-50 years old	1	1	1	2	1
>50 years old	2	0	0	0	0
New employee hires by age group – Other nationality					
<30 years old	4	3	0	3	17
30-50 years old	3	1	2	4	17
>50 years old	0	0	0	0	1
New employee by gender – Singaporean					
Female	4	0	1	1	4
Male	2	1	0	2	0
New employee by gender – Other nationality					
Female	5	4	1	2	4
Male	2	0	1	5	31
New employee hire rate (Total)	**12.87%**	**12.50%**	**12.00%**	**6.17%**	**14.72%**

EMPLOYMENT – (401-1)					
	LKHE	LKHP	LKHPD	TSE	CLPL
Employee turnover by age group – Singaporean					
<30 years old	3	0	1	0	3
30-50 years old	3	3	0	1	6
>50 years old	1	1	0	2	1
Employee turnover by gender – Other nationality					
<30 years old	2	0	0	5	11
30-50 years old	4	2	0	5	22
>50 years old	0	0	0	0	2
Employee turnover by gender – Singaporean					
Female	7	2	0	1	6
Male	0	2	1	2	4
Employee turnover by gender - Other nationality					
Female	5	0	0	4	4
Male	1	2	0	6	31
Employee turnover rate (Total)	**12.87%**	**15.00%**	**4.00%**	**8.02%**	**16.98%**

OCCUPATIONAL HEALTH AND SAFETY – (403-2)					
	LKHE	LKHP	LKHPD	TSE	CLPL
Workplace Injury Rate per 100,000 employees					
Total	990	0	0	3,704	1,132
Occupational Disease Rate per 100,000 employees					
Total	0	0	0	3,704	0
Accident Severity Rate per 1,000,000 working hours					
Total	414.90	0	0	351.05	1283.76
Absentee Rate (Percentage)					
Total	7.00	7.77	3.23	7.31	6.06
Work-related fatalities per 100,000 employees					
Total	0	0	0	0	0

TRAINING AND EDUCATION – (404-1)					
	LKHE	LKHP	LKHPD	TSE	CLPL
Average training hours by gender					
Female	31.81	5.4	15.00	24.87	18.30
Male	22.48	7.11	25.93	14.35	15.65
Per employee	27.00	4.00	21.12	16.43	16.08
Average training hours by employee category					
Executive	20.56	1.38	13.75	12.22	16.41
Middle Management	50.90	21.71	34.62	60.15	17.20
Senior Management	75.83	6.00	31.00	12.70	6.4

GRI CONTENT INDEX

GENERAL DISCLOSURES			
GRI Standard	Disclosure		Chapter, Page Reference, Performance and/or Explanation for Omissions
GRI 102: General Disclosures 2016	ORGANISATIONAL PROFILE		
	102-1	Name of the organisation	27
	102-2	Activities, brands, products and services	4
	102-3	Location of headquarters	Corporate Directory
	102-4	Location of operations	Corporate Directory
	102-5	Ownership and legal form	79
	102-6	Markets served	133-136
	102-7	Scale of the organisation	24, 29, 73-74 and 133-136
	102-8	Information on employees and other workers	29 and 38
	102-9	Supply chain	30
	102-10	Significant changes to organisation and its supply chain	Not Applicable
	102-11	Precautionary principle or approach	We also acknowledge the importance of reducing our environmental impact by supporting the precautionary principle
	102-12	External initiatives	31
	102-13	Membership of associations	31
	STRATEGY		
	102-14	Statement from the most senior decision maker of the organisation	28
	ETHICS AND INTEGRITY		
	102-16	Values, principles and norms of behaviour	1-3
	GOVERNANCE		
	102-18	Governance structure	31
	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	32
	102-41	Collective bargaining agreements	37.60% of CAST Laboratories Pte Ltd (Singapore) are union member
	102-42	Identifying and selecting stakeholders	32
	102-43	Approach to stakeholder engagement	32
	102-44	Key topics and concerns raised	32

GENERAL DISCLOSURES			
GRI Standard	**Disclosure**		**Chapter, Page Reference, Performance and/or Explanation for Omissions**
	REPORTING PRACTICE		
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	27, 110-117
	102-46	Defining report content and topic boundaries	27 and 33
	102-47	List all material topics	33
	102-48	Restatements of information	Not Applicable
	102-49	Changes in reporting	Not Applicable
	102-50	Reporting period	27
	102-51	Date of the most recent report	Not Applicable
	102-52	Reporting cycle	27
	102-53	Contact point of questions regarding the report	27
	102-54	Claims of reporting in accordance with GRI Standards	27
	102-55	GRI Content Index	40-42
	102-56	External assurance	We are not seeking external assurance for this reporting period
Material Topics			
ECONOMIC			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8-17 and 33 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	73-137
ENVIRONMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	33-34 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 302: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	34
SOCIAL			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	33 and 35 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

GRI CONTENT INDEX

GENERAL DISCLOSURES			
GRI Standard	**Disclosure**		**Chapter, Page Reference, Performance and/or Explanation for Omissions**
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	35
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	33 and 36 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related	36 Partially compliant
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	33 and 37 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	37 Partially compliant

The Board of Directors (the "Board") of Tai Sin Electric Limited (the "Company") is committed to high standards of corporate conduct in conformity with the Code of Corporate Governance dated 2 May 2012 (the "Code") which is essential to protect the interests of the shareholders and enhance shareholders' value.

The Board adheres to the principles and guidelines of the Code subject to such disclosure and explanation of any deviation with the exception of the following:-

(a) Guideline 8.2
(b) Guideline 8.3
(c) Guideline 8.4
(d) Guideline 11.4
(e) Guideline 15.5 and
(f) Guideline 16.1

The following describes the Company's corporate governance practices with reference to the Code.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of the Company comprises the following members:

<u>Executive Director</u>
Lim Boon Hock Bernard (Chief Executive Officer / Executive Director)

<u>Non-Executive and Non-Independent Director</u>
Lim Chye Huat @ Bobby Lim Chye Huat

<u>Non-Executive and Independent Directors</u>
Tay Joo Soon (Chairman)
Soon Boon Siong
Lee Fang Wen
Renny Yeo Ah Kiang (appointed on 1 July 2018)

Guidelines 1.1 and 1.2: Roles of the Board

Apart from its statutory duties and responsibilities, the Board performs the following functions:-

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) ensure presence of a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) review Management performance;

(d) set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;

(e) appoint Key Personnel;

(f) review the financial performance of the Group and implement policies relating to financial matters, which include risk management and internal control and compliance; and

(g) assume responsibility for corporate governance.

These functions are carried out either directly or through Board Committees such as the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit and Risk Committee ("ARC").

The Board has taken decisions objectively at all times as fiduciaries in the interests of the Company.

Guideline 1.3: Delegation of Authority to Board Committees

Matters which are specifically reserved to the full Board for decision are those involving a conflict of interest for a substantial shareholder or a Director, material acquisition and disposal of assets, corporate or financial restructuring, share issuance, dividends, financial results and corporate strategies.

The Board delegates its nominating functions to the NC, remuneration matters to the RC, and reviewing of financial statements, risks and controls to the ARC.

Guideline 1.4: Meetings of Board and Board Committees

Formal Board Meetings are held at least four (4) times a year to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened when the circumstances require. The Company's Constitution allow a Board meeting to be conducted by way of tele-conference and video conference.

During the financial year, the Board held five (5) meetings and the attendance of each Director at every board and committee meeting is as follows:-

	Board	**Audit and Risk Committee ("ARC")**	**Nominating Committee ("NC")**	**Remuneration Committee ("RC")**
Number of meetings held	5	4	2	1
Director	Number of meetings attended			
Tay Joo Soon	5	4	2	1
Lim Boon Hock Bernard	5	N.A.	N.A.	N.A.
Lim Chye Huat @ Bobby Lim Chye Huat	5	4	2	1
Soon Boon Siong	5	4	2	1
Lee Fang Wen	5	4	2	1
Lee Chang Leng Brian (retired on 31 October 2017)	2	1	1	1
Renny Yeo Ah Kiang (appointed on 1 July 2018)	N.A.	N.A.	N.A.	N.A.

Guideline 1.5: Internal Guidelines Require Approval from Board

The Company has adopted internal guidelines setting forth matters that require Board approval. Under these guidelines, major new capital investments and divestments by any company within the Group require the approval of the Board. Other matters requiring the Board's decision include business strategy, budgets and quarterly and annual results announcement. Below the Board level, there is appropriate delegation of authority and approval sub-limits at Management level, to facilitate operational efficiency.

Guidelines 1.6 and 1.7: Director's Appointment and Training

A formal letter is sent to newly-appointed Director upon his / her appointment stating his / her duties and obligations as director. Management Accounts, Terms of Reference of Board Committees and the book of Minutes are made available to the new Directors to enable them to understand the Company's business and operations. Introductory meetings are arranged, where appropriate, to acquaint them with key management personnel.

The Board recognises the importance of ongoing director education and the need for each Director to take personal responsibility for this process. To facilitate ongoing education:

(a) All Directors are encouraged to keep each other updated on developments relevant to the Company's business, changes in laws and regulations and the like.

(b) All Directors, in particular, new and first time Directors are encouraged to attend relevant courses, seminars, updating of regulation talks organised by regulatory bodies and professional institutions such as Singapore Institute of Directors and Singapore Exchange Limited. The Company has an approved budget for such on-going training for its Directors.

During the financial year 2018, Directors kept themselves abreast with regulatory changes, governance topics and other matters which assist them in their duties as Directors by attending courses or seminars.

Details of the courses attended with attendance hours totaling 32 hours are as follows:–

- APIC - Key Trends on Remuneration Matters
- SID - ACRA - SGX - SID Audit Committee Seminar 2018
- SID - AC Pitstop on AC's role in Crisis
- SID - AC Pitstop on Financial Reporting and Audit Considerations for 2018
- SID - AC Seminar on Rebooting Corporate Governance
- SID - Executive & Director Remuneration
- SID - Feedback Session for SID Members on the Recommendations of CG Council
- SID - Singapore Board of Directors Survey
- SID - Sustainability for Directors
- SID - Directors Conference - The Sustainability Imperative

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines 2.1 to 2.5: Composition, Size of the Board and Independent Element of the Board

The Board comprises six (6) Directors, one (1) of whom is executive, one (1) non-executive and non-independent and four (4) are non-executive and independent. This current size is sufficient to facilitate effective direction-setting and decision making needed by the Company.

The Board has reviewed its size and concludes that a size of not more than eight (8) is appropriate given the requirements of the Group's business and the need to avoid undue disruptions to the composition of the Board Committees.

In compliance with the Code's requirement that at least one-third of the Board should be made up of Independent Directors, four (4) of the six (6) Directors are Independent Non-Executive, namely, the Chairman, Mr. Tay Joo Soon, Mr. Soon Boon Siong, Mr. Lee Fang Wen and Mr. Renny Yeo Ah Kiang (appointed on 1 July 2018). The independence of each Director is reviewed and confirmed by the NC. None of them has any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The NC is of view that the four (4) Non-Executive Directors are independent as defined in the Code as well as being independent in character and judgement. No individual or small group of individuals dominates the Board's decision-making process. The Board concurs with the views of the NC on the independence of these four (4) Directors.

In compliance with the Code, the Board has reviewed the independence of Mr. Tay Joo Soon, who has been a member of the Board for eleven (11) years. The Board, on the recommendation of the NC, determined that Mr. Tay is independent notwithstanding that he has served more than nine years on the Board. Mr. Tay continued to express his independent views and challenged Management at Committee and Board meetings.

The Company has adopted a policy stipulating a nine year term as the maximum number of years an Independent Director can serve on the Board.

Accordingly, Mr. Tay Joo Soon will not be seeking for re-election upon his retirement at the coming Annual General Meeting.

The profile of each Director and other relevant information is set out under "Board of Directors" Section of the Annual Report.

Guidelines 2.6: Board Diversity

On an annual basis, the NC will review the composition and size of the Board, each Board Committee and the skills, and core competence of its members to ensure an appropriate balance and diversity of skills and experience.

Core competencies include accounting, business acumen, industry knowledge related to the Company, familiarity with regulatory and compliance requirements and knowledge of risk management.

The Board is of the view that there is sufficient diversity in skills, experience and knowledge of the Company in its current Board composition to maximise effectiveness.

Guidelines 2.7 and 2.8: Non-Executive Directors

Directors are encouraged and are given ample time to deliberate on all matters in Board meetings. The salient views and recommendations of Non-Executive Directors are minuted and where applicable are adopted. The Independent Directors communicate amongst themselves by email or telephone on matters concerning the Company and have met without the presence of the Executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Guidelines 3.1 and 3.3: Separate Role of Chairman and Group Chief Executive Officer ("CEO")

It has been the practice of the Board since financial year ended 30 June 2003 that the Chairman of the Board is non-executive and is separate from the CEO. The Chairman and the CEO are not related family members. Accordingly, no Lead Independent Director was appointed.

Guideline 3.2: Roles and Responsibilities of Chairman

The Chairman leads the Board proceedings and ensures that Board meetings are held when necessary. The Chairman is also responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is the most senior executive in the Company who is responsible for implementing the Company's strategies and policies and monitoring the Company's day-to-day operations.

Guideline 3.4: Role of Lead Independent Director

The company is not required to appoint a Lead Independent Director, however, the Independent Directors communicate amongst themselves by email or telephone and have met without the presence of the Executive Director.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Guideline 4.1: NC Membership

The current NC comprises the following four (4) members of which three (3) are non-executive and independent and one (1) is a non-executive and non-independent member:

(a) Lee Fang Wen (Chairman w.e.f. 1 November 2017)
(b) Soon Boon Siong
(c) Tay Joo Soon and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

The Board has approved the written terms of reference of the NC. The main terms of reference are:-

(a) be responsible for the re-nomination of the Company's Directors, having regards to the Director's contribution and performance;

(b) determine annually whether or not a Director is independent, bearing in mind the guidelines set out in the Code and any other factors;

(c) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared with its current position and make recommendations to the Board with regard to any changes;

(e) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

(f) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

(g) before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall consider candidates on merit and against objective criteria, taking care that appointees are able to devote sufficient time to the position; and

(h) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensure the continued ability of the Company to compete effectively in the marketplace.

Guidelines 4.2: Roles of NC

The NC shall also make recommendations to the Board concerning:-

(a) the re-appointment of any non-executive director at the conclusion of his specified term of office having given due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(b) the re-election by shareholders of any director under the “retirement by rotation” provisions in the Company’s Constitution having due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

(c) the review of Board succession plans for the Non-Executive Chairman and CEO / Executive Director and other Directors;

(d) the review of training and professional development programs for the Board; and

(e) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company.

All Directors (except the CEO) are subject to the provisions of the Company’s Constitution whereby one-third of the Directors for the time being are required to retire and subject themselves to re-election by shareholders at every Annual General Meeting (“AGM”). A newly appointed Director must retire and submit himself for re-election at the AGM immediately following his appointment and thereafter, is subjected to the one-third rotation rule.

Guideline 4.3: NC’s Determination of Independent Director’s Independence

All Independent Directors have submitted to the NC and Board for review and concurrence, a written confirmation on whether they consider themselves to be independent as set forth in the Code. Independent Directors are required to notify the Board when there are circumstances arising which render them non-independent. The Independent Directors continue to regard themselves as independent and the same have been confirmed by the NC and the Board.

Guideline 4.4: Commitments of Directors Sitting on Multiple Boards

The Board has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guidelines provide that each full-time Director can only have a maximum limit of four (4) directorships in a publicly listed company on the SGX-ST or international stock exchanges. Furthermore, for directorships already held, not more than two (2) of the four (4) are in companies where their financial year end is 30 June.

All Directors are required to submit to the NC details of other directorships held by them during the financial year as well as information on other major appointments including full-time employment. In such submission, they are required to confirm that they have sufficient time to pay attention to the affairs of the Company. Having reviewed the submissions, in respect of FY2018, the NC is of the view that the Directors are able to carry out their duties as Directors of the Company and each Director has discharged his duties adequately.

Guideline 4.5: Alternate Directors

The Company's Constitution provides for the appointment of alternate directors. The Board has decided that it will, as stated in the Code, generally avoid approving the appointment of alternate directors and should any appointment be made, it will be for limited periods only. No alternate director was appointed in FY2018.

Guideline 4.6 and 4.7: Process for Selection and Appointment of New Directors and Key Information on Directors

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC will in consultation with the Board, determine the selection criteria and choose candidates with the appropriate expertise and experience for the position.

Generally, the NC will review annually the Board's composition and should the need to appoint and / or replace directors arise, it will review nominations from Board members. In its review, the NC will take into account the relevant skill sets, qualifications, conflicts of interests and other commitments.

The NC will interview the nominees and recommend to the Board the most appropriate person to be invited to become a Director of the Company.

Key information of Directors is set out under "Board of Directors" section of the Annual Report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1 to 5.3: Formal Process and Performance Assessment

The NC has adopted a formal process for the evaluation of the performance of individual Directors, Board Committees and the Board as a whole.

Evaluation Process

The assessment process involves and includes input from the Board members and individual Directors in self-evaluation and peer review, applying the performance criteria recommended by the NC and approved by the Board. The Directors' input are collated by the Company Secretary and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and for implementation.

Board Performance Criteria

The performance criteria for the Board evaluation are as follows:-

- Board skills set / competency
- Financial target and operating performance
- Board performance in relation to discharging its principal functions
- Board's relationship with the CEO
- Board Committees in relation to discharging their responsibilities set out in their respective terms of reference

Individual Director's Performance Criteria

The individual Director's performance criteria are categorized into five segments, namely:-

- Interactive skills
- Knowledge
- Director's duties
- Availability
- Overall contribution

Non-Executive Chairman and CEO Performance Criteria

The performance criteria for the Non-Executive Chairman and CEO are as follows:-

- Vision and leadership
- Financial management
- Board relations
- Governance and risk management
- Relations with shareholders

The NC, without the engagement of an external facilitator, has performed the assessment for FY2018 and is of view that the performance of individual Directors and the Board as a whole, were satisfactory and sufficient time and attention have been given by the Directors in the discharge of their duties to the Group.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis, so as to enable them to make informed decisions to discharge their duties and responsibilities.

Guidelines 6.1 and 6.2: Access to Information

To assist the Board in fulfilling its responsibilities, management is required to provide the Board with complete, adequate and timely information prior to each Board meeting. In addition, management is required to provide the Board with monthly financial and management reports.

Guidelines 6.3 and 6.4: Role of the Company Secretary

Directors have separate and independent access to the Company Secretary at all times. The Company Secretary's appointment and removal is a matter for the Board as a whole. He covers both regulatory and procedural matters. The Company Secretary or his representative attended all scheduled FY2018 Board meetings.

Guideline 6.5: Board Access to Independent Professional Advice

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice, subject to the Board's approval, will be borne by the Company.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guideline 7.1: RC Membership

The current RC comprises the following four (4) members of which three (3) are non-executive and independent and one (1) is a non-executive and non-independent member:

(a) Lee Fang Wen (Chairman)
(b) Soon Boon Siong
(c) Tay Joo Soon and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

The Board has approved the written terms of reference of the RC. The main terms of reference are:-

(a) To propose a framework of remuneration for Directors and Key Management Personnel, covering all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;

(b) To recommend specific remuneration policies and packages for Directors and Key Management Personnel;

(c) To consider the recruitment of Executive Directors and determine their employment terms and remuneration and to review the terms of renewal for those Executive Directors whose current employment contracts will expire or had expired;

(d) To structure an appropriate proportion of Executive Director's remuneration so as to link rewards to corporate and individual performance;

(e) To develop appropriate and meaningful measures for the purpose of assessing Executive Director's performance; and

(f) To seek expert advice inside and / or outside the Company as the Committee may deem necessary to enable it to discharge its duties satisfactorily.

Guideline 7.2: Remuneration Framework

The RC reviews annually the remuneration of Directors and Key Management Personnel. For the Executive Directors, their remuneration is stated in their service agreement and their compensation packages consist of salaries, bonuses, benefits-in-kind and annual profit sharing incentive bonus which is dependent on the Group's performance. For the Non-Executive Directors, their fees comprise basic director fee and their respective appointment fees. For Key Management Personnel, the remuneration components include salaries, allowances, bonuses, benefits-in-kind and annual profit sharing incentive bonus which is dependent on the respective company's performance under their portfolio.

Guideline 7.3: RC Access to advice on Remuneration Matters

The RC may from time to time obtain independent professional advice as it deems necessary in framing the remuneration of Directors. The expenses incurred from such advice shall be borne by the Company.

Guideline 7.4: Fair and Reasonable Termination Terms

The RC has reviewed the Group's obligations arising in the event of termination of the Executive Director's and Key Management Personnel's contracts of service and is satisfied that termination terms are fair and reasonable and are not overly generous.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) Key Management Personnel to successfully manage the company. However, companies shall avoid paying more than is necessary for this purpose.

Guidelines 8.1: Remuneration of Executive Directors

The Company sets remuneration packages which:-

(a) align interests of Executive Directors with those of shareholders;

(b) link rewards to corporate and individual performance; and

(c) are competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel with adequate experience and expertise to manage the business and operations of the Group.

Executive Directors are compensated as part of the Key Management Personnel and therefore do not receive any Director's fee. The remuneration for Executive Directors comprises fixed component and bonus and other variable component. The fixed component comprises basic salary and the compulsory employer contribution to the employee's CPF; while the bonus and other variable component comprises performance bonus and annual profit sharing incentive bonus which is dependent on the Group's performance for the financial year.

Guideline 8.2: Long-Term Incentive Scheme

The Company does not have any long-term incentive scheme for its Directors and Key Management Personnel. There is also no policy which requires Non-Executive Directors to purchase shares in the Company and hold them till they leave the Board.

The Board believes that notwithstanding such absence, the Directors' and Key Management Personnel's interests in the Company are still in line with the interests of its shareholders.

Guideline 8.3: Remuneration of Non-Executive Directors

The fees of Non-Executive Directors for FY2018 amounting to $264,667 was approved by shareholders at the last AGM.

The RC has assessed the adequacy and structure of remuneration of Non-Executive Directors and has proposed to the Board the following framework under which the Director Fees are derived:-

	Annual Fee ($)	
	Chairman	**Member**
Board	18,000	32,000
Audit and Risk	16,000	12,000
Nominating	7,000	3,000
Remuneration	7,000	3,000

Note : Lead Independent Director Fee if any shall be $5,000 per annum

The Board has assessed and approved the remuneration framework and the total proposed Director's fees for FY2019 will amount to $262,000.

Director's fees are only payable to Non-Executive Directors. The proposed Director's fees for FY2019 are not payable to Executive Directors.

For the existing Independent Non-Executive Directors, the Board believes that they were not and will not be overcompensated to the extent that their independence may be compromised.

The Company does not have any scheme which encourages its Non-Executive Directors to hold shares in the Company. The Board believes that notwithstanding such absence, the Non-Executive Directors' interests in the company are still in line with the interests of its shareholders.

Guideline 8.4: Incentive Components

The Board has not introduced any contractual provisions to allow the Company to reclaim incentive components from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines 9.1 and 9.2: Remuneration of Directors

No payment was made or granted to any Director, CEO or the top five Key Management Personnel in relation to termination benefit in FY2018.

The remuneration paid to the Directors for services rendered during FY2018 is as follows:-

Name of Director	Remuneration ($'000)	Director's Fee	Advisor Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	823	–	–	60%	40%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	73	68%	32%	–	–	100%
Tay Joo Soon	68	100%	–	–	–	100%
Soon Boon Siong	63	100%	–	–	–	100%
Lee Fang Wen	62	100%	–	–	–	100%
Lee Chang Leng Brian *	22	100%	–	–	–	100%
Renny Yeo Ah Kiang #	NA	NA	NA	NA	NA	NA

* Retired on 31 October 2017
\# Appointed on 1 July 2018

Guideline 9.3: Remuneration of Top Five Key Management Personnel

The table below sets out the remuneration received by the top five Key Management Personnel of the Group during the financial year.

Remuneration Band	Name	Director's Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
$300,000 to below $350,000	Ong Wee Heng	7%	73%	20%	100%
$250,000 to below $300,000	Chia Ah Heng	6%	75%	19%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	6%	76%	18%	100%
	Lim Lian Eng Sharon	–	69%	31%	100%
	Lin Chen Mou	3%	76%	21%	100%

The aggregate remuneration paid to the above personnel was $1.48 million in FY2018.

No Director is involved in determining his own remuneration. The remuneration of the Non-Executive Directors is in the form of a fixed fee. The remuneration of the Non-Executive Directors will be subject to approval at the AGM.

Guideline 9.4: Employee Related to Directors / CEO

The following are employees whose remuneration exceeds $50,000 and who are immediate family members of Mr. Lim Boon Hock Bernard and Mr. Lim Chye Huat @ Bobby Lim Chye Huat.

		Relationship With	
Remuneration Band	**Employee's Name**	**CEO, Lim Boon Hock Bernard**	**Non-Executive Director, Lim Chye Huat @ Bobby Lim Chye Huat**
Refer to Directors Remuneration	Lim Boon Hock Bernard	–	Son
	Lim Chye Huat @ Bobby Lim Chye Huat	Father	–
Refer to Top Five Key Management Personnel Remuneration	Chia Ah Heng	Uncle	Brother-in-Law
	Lim Chai Lai @ Louis Lim Chai Lai	Uncle	Brother
	Lim Lian Eng Sharon	Aunt	Sister
$100,000 to below $150,000	Lim Chye Kwee	Uncle	Brother
	Lim Peck Choo, Constance	Aunt	Sister
	Lim Boon Hoh Benedict	Brother	Son

Guideline 9.5: Employee Share Scheme

Employee Share Option Scheme

The Company does not have a share option scheme.

Guideline 9.6: Remuneration and Performance

The Company's remuneration framework for its Executive Directors is stated in "Guidelines 8.1: Remuneration of Executive Directors" of this Corporate Governance Report.

For Key Management Personnel, their remuneration comprises fixed component, bonus and other variable performance component. The fixed component comprises basic salary and the compulsory employer contribution to the employee's CPF; while the bonus and other variable component comprises performance bonus and profit sharing for the financial year. The bonus and other variable performance components amount are dependent on their individual performance as measured by their respective key performance indicators, as well as the performance of the Group as a whole.

The Company does not have any long-term incentive scheme as explained in "Guideline 8.2: Long-Term Incentive Scheme" of this Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Guideline 10.1: Accountability for Accurate Information

In discharging its responsibility of providing accurate relevant information on a timely basis, the Board ensures that the Group's audited financial statements, quarterly and full year results announcements of the Group provide a balanced and understandable assessment of the Group's performance, position and prospects and that the results are released in a timely manner.

The quarterly and full year results announcements are reviewed for adoption at the quarterly meetings of the ARC and the Board. Any material variances between the actual results and projections / previous periods are investigated and explained.

In accordance with SGX-ST's requirements, the Board issues negative assurance statements in its interim financial results announcements confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the results announcements false or misleading in any material aspect.

Guideline 10.2: Compliance with Legislative and Regulatory Requirements

The Board is kept abreast with changes to the legislative and regulatory requirements from management to ensure compliance with Group's policies, practices and procedures and relevant legislative and regulatory requirements.

Guideline 10.3: Management Accounts

The Management updates the Board regularly on the Group's business activities and financial performance through providing management accounts and business reviews at quarterly board meetings. The Management also highlights major issues that are relevant to the Group's performance in order for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guideline 11.1: Design, Implementation and Monitoring

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. The ARC oversees and ensures that such system has been appropriately implemented and monitored.

<u>Risk Management</u>

The Board has approved the Risk Management Framework for identifying key risks within the business. The risks defined in the framework range from strategic, financial, operational, information technology, to compliance which may include management decision-making risks. The identification and management of risks are the responsibility of the Management who assume ownership and day-to-day management of these risks. Management is also responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Company's objectives and plans within the risk tolerance established by the Board. Key business risks are scheduled to be identified, addressed and reviewed on an on-going basis.

The Board is responsible for overseeing the Company's Risk Management Framework and policies.

<u>Internal Controls</u>

A conventional internal control system has been implemented to enhance the Group's internal control function to address the financial, operational, compliance and information technology risks. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and financial information used within the business and for publication is reliable.

Staff / Director Securities Dealing Rules & Procedures

The Company has adopted an Internal Code Governing Dealings In Securities in line with the guidelines issued by the SGX-ST. This Internal Code provides guidance and prescribes the internal regulations with regard to dealings in the Company's securities by its officers.

Guideline 11.2: Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board acknowledges its responsibility for the Group's internal controls but recognises that no cost effective control system will entirely eliminate the risk of misstatement or loss. Based on the internal controls established and maintained by the Group, the work performed by the Internal Auditors, the review undertaken by the External Auditors as part of their statutory audit, supervision by Management and in the absence of any evidence to the contrary, the Board, with the concurrence of the ARC, is of the opinion that the Group's existing system of internal controls is adequate in addressing financial, operational, compliance and information technology risks as at 30 June 2018.

During the year, the ARC reviewed reports submitted by the Internal Auditors relating to the adequacy and effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls (collectively known as "internal controls"). Such reviews include discussions and follow-ups with Internal Auditors on their salient audit findings.

Guideline 11.3: Board's Comment on Adequacy and Effectiveness of Internal Controls

The ARC and the Board have received assurance from the CEO and CFO that:-

(a) The financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2018 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing material risks in the Group in its present business environment including material financial, operational, compliance and information technology risks.

Based on the framework of risk management controls and internal controls established and maintained in the Group, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit and the written assurance from the CEO and CFO that the financial records have been properly maintained, the Board is of the view that the Group's risk management and internal control systems are effective.

The Board, with the concurrence of the ARC, is satisfied that there are adequate internal controls in place to address the risks relating to financial, operational, compliance and information technology controls for the financial year ended 30 June 2018.

Guideline 11.4: Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal and external auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT AND RISK COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1: ARC Membership

The ARC comprises the following four (4) members of which three (3) are non-executive and independent and one (1) is a non-executive and non-independent member:

(a) Soon Boon Siong (Chairman w.e.f. 1 November 2017)
(b) Tay Joo Soon
(c) Lee Fang Wen and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

During the year, the ARC held four (4) scheduled meetings, which were attended by all members.

Guideline 12.2: Expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the recommended accounting and / or related financial management domains. The Board has ensured that they are appropriately qualified to discharge their responsibilities.

Guideline 12.3 and 12.4: Roles, Responsibilities and Authorities of ARC

The ARC has explicit authority to investigate any matter within its Terms of Reference. It has full access to and has the full cooperation of the Company's Management. It has full discretion to invite any Director or executive officer to attend its meetings. In addition, the ARC has independent access to the Internal and External Auditors. The ARC has reasonable resources to enable it to discharge its functions properly.

The ARC is guided by its Terms of Reference which stipulate that its principal functions include:-

(a) Review the annual audit plans of the internal and external auditors as well as their audit findings and recommendations;

(b) Review the adequacy and effectiveness of internal controls by considering written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;

(c) Review the Group's quarterly results announcements and annual consolidated financial statements in conjunction with the external auditor's comments before submitting to the Board for approval;

(d) Review interested person transactions; and

(e) Review the independence of external auditors, their fees and recommend the nomination of the external auditors for appointment or re-appointment.

Guideline 12.5: Meeting with External and Internal Auditors

During the year, the Company's External and Internal Auditors were invited to attend the ARC meetings and make presentations where appropriate. They also met the ARC separately without the presence of Management to review matters that might be raised privately.

Guideline 12.6: Review of External Auditors' Independence

The ARC reviewed the non-audit services provided by the External Auditors ("EA") as part of the ARC's assessment of the EA's independence. The ARC is satisfied that the nature and extent of such services would not conflict with the independence of the EA. The ARC is satisfied with the independence and objectivity of the EA. The aggregate fee of $306 thousand was paid to the external auditors of the Company, of which $60 thousand was for non-audit services.

Guideline 12.7: Whistle-Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and / or criminal activities within the Group, the Company established and put in place a Whistle-Blowing Policy and procedures to provide employees with well-defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices, or raise concerns, in confidence, about possible improprieties in financial reporting, business transactions or other matters. Details of this policy, in the native language depending in the country of operation of the Group has been disseminated and made available to all employees through the respective Human Resources Departments of the respective companies within the Group as part of the fraud control awareness program.

A whistle-blower can report to the ARC members via dedicated email (audit_committee@taisin.com.sg) to the ARC members directly. The ARC will form an oversight committee and assign a person that it deems fit to conduct the investigation. The ARC shall provide direction and oversight to the Internal Auditor or such other person as the oversight committee shall deem appropriate.

All reports made / received shall be thoroughly investigated with great care and sensitivity by the oversight committee with the objective of finding evidence that either substantiates or refutes the claims made by the whistle-blower. The oversight committee may seek, at the expense of the Company, appropriate external advice where necessary. The oversight committee will report periodically to ARC on the whistle-blowing cases under its review, updating the ARC on matters that have been resolved to their satisfaction and where necessary, may escalate cases for deliberation and further action by the ARC.

Investigation results are confidential and will not be disclosed or discussed with anyone, other than those with a legitimate need to know. The whistle-blowers will not be updated on the outcome of the investigations other than to receive confirmation that the matters have been dealt with by the ARC members.

Guideline 12.8: Activities of ARC

<u>ARC Meetings</u>

During the year, the ARC held four (4) scheduled meetings which all members attended as disclosed under Guideline 1.4. The CEO and CFO and other Key Management Personnel attended the meetings as well. The ARC was kept abreast by management, internal and external auditors on developments in legislations and regulations such as changes to accounting standards, ACRA's Financial Surveillance Program and new SGX-ST listing rules and practice guidance which could have an impact on the Group's disclosure requirements.

<u>Review of Financial Statements</u>

The ARC played a key role in reviewing the Company's quarterly and full-year financial statements prior to its approval by the Board and subsequent release on SGXNET. In the review of the financial statements, the ARC had discussed with management the significant accounting principles that were applied and its judgement and estimates of items that might affect the integrity of the financial statements. The ARC had in addition proposed amendments, where necessary, to the draft results announcements.

Meetings with Internal Auditors

The Internal Auditors ("IA") presented their internal audit findings of 5 companies in the Group. After reviewing and discussing the findings, the ARC accepted management's responses to the IA's recommendations and the same was then submitted to the Board for its concurrence. The ARC paid attention to any material weaknesses reported, the reasonableness of the financial reporting process, the system of internal controls and the significant comments and recommendations proposed to ensure that the Group maintains a sound system of internal controls.

The ARC was briefed by the IA on its Internal Audit Plan for the financial year 30 June 2019. The said plan was accepted without any amendments for Board's concurrence.

In addition, without the presence of management, the ARC met with the IA once separately to obtain its feedback on the assistance it received from management during the course of conducting the audits.

Meetings with External Auditors

The ARC met with the EA on 2 occasions during the year. The first meeting was held in August 2017 where the EA, without the presence of management, was asked among other matters, for their feedback on the support it received from management. Additionally, the ARC was briefed on their risk assessment process and their selection of significant risks and areas of audit focus and their determination of Key Audit Matters ("KAMs") in our Annual Report. The EA's Independent Auditor's Report containing the KAMs for the financial year ended 30 June 2017 was published in our Annual Report 2017.

In the second meeting held in May 2018, the EA presented its Planning Report to the ARC for the financial year ended 30 June 2018. The ARC was briefed, amongst other matters, on the EA's risk assessment process and the methodology used in the selection of our significant risks and areas of audit focus and KAMs for the financial year ended 30 June 2018.

The identified KAMs impacting our 2018 financial statements were as follows:

KAMs	How the issues were addressed by the ARC
Allowance for trade receivables	The ARC reviewed Management's judgment in assessing the recoverability of the trade receivables including those that are past due but not provided for and the allowance for doubtful receivables that may be required by discussing with Management their assessment as to the recoverability of debts from certain specific customers. The ARC concluded that the method of estimating the carrying value of receivables as well as the level of allowance were appropriate.
Allowance for inventories	The ARC reviewed Management's process over the monitoring and review of the allowance for inventories and the policy in place to determine the level of allowance required. After discussion, the ARC concluded that the method of estimating the carrying value of inventories as well as the level of allowance remain appropriate.

Review of Re-appointment of External Auditors

The Board has accepted the ARC's recommendation to re-appoint Deloitte & Touche LLP ("D&T") as Auditors at our 2018 AGM. The ARC's recommendation was made in compliance with Rule 712 of the SGX-ST Listing Rules ("Listing Rules") and having given due consideration to the adequacy of the resources, experience and competence of D&T. The ARC had also taken into account the Audit Quality indicators relating to the experience of the engagement partner and key team members' experience; the audit hours spent by senior audit team members in auditing the Group; the training received by the audit team during the year; and the internal and external inspection results of senior team members. Furthermore, pursuant to Rule 1207(6) of the Listing Rules, the ARC is of the opinion that D&T's provision of non-audit services to the Group during the financial year would not affect their independence. D&T has also confirmed to the ARC that they are registered with the Accounting and Corporate Regulatory Authority.

With respect to Rule 715 (read with Rule 716) of the Listing Rules, D&T are the auditors for all the Group's Singapore incorporated subsidiaries while its overseas incorporated subsidiaries and associated companies are audited by other different auditing firms. The ARC and Board are satisfied that their appointment would not compromise the standard and effectiveness of the audit of the Group.

Guideline 12.9: Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Guideline 13.1: Internal Auditors

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the IA. The Company recognises and supports the fundamental principle of maintaining IA independence. The Company outsourced its internal audit function to UHY Lee Seng Chan & Co. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARC. The IA's primary line of reporting is to the Chairman of the ARC, although they also report administratively to the CEO.

Guideline 13.2: Adequacy of Resources

An annual audit plan which entails the review of the adequacy and effectiveness of the Company's material internal controls has been developed. The ARC is satisfied that the Company's internal audit function, as outsourced to UHY Lee Seng Chan & Co, is adequately resourced to perform the internal audit effectively for the Group.

Guidelines 13.3 & 13.4: Internal Audit Function

The Company outsourced its internal audit function to UHY Lee Seng Chan & Co which is a corporate member of the Institute of Internal Auditors Singapore and staffed with professionals with the relevant qualifications and experience. The engagement with the IA stipulates that its work shall comply with Business Process Auditing Methodology which is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

Before the beginning of each financial year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the ARC. The ARC is satisfied that the Company's Internal Audit function is adequately resourced to perform the job for the Group.

Guideline 13.5: Adequacy of Internal Audit Function

The ARC annually reviews the adequacy of the Internal Audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA reports and remedial actions implemented by Management to address any internal control weakness identified.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guideline 14.1: Communication with Shareholders

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Board will inform shareholders promptly of all major developments that may have material impact on the Group which would be likely to materially affect the price or value of the Company's shares.

Guideline 14.2: Participation by Shareholders

Shareholders have been given the opportunity to participate effectively in and vote at the Company's AGM. They are also informed of the rules, including voting procedures governing the AGM.

Guideline 14.3: Proxies for Nominee Companies

The Constitution of the Company allow each member to appoint up to two (2) proxies to attend general meetings. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50. such as banking corporations and capital markets services license holders providing nominee and custodial services and the CPF Board in respect of shares purchased by CPF investors.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 15.1 and 15.2: Information to Shareholders

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. Announcements and disclosures are also available through Company's share investor portal on the corporate website at www.taisinelectric.com.

Guidelines 15.3 and 15.4: Dialogue with Shareholders

The Company did not conduct any analyst briefings, investor roadshows or Investors' Day briefings during the financial year. However, sufficient time is allocated during and after each Annual General Meeting for shareholders to express their views and give suggestions to Directors and senior management.

In addition, shareholders may pose their queries to the Company through the Company's Investor Relations email at ir@taisin.com.sg. These queries will be attended to by an Investor Relations Team.

Guideline 15.5: Dividend Policy

The Company has paid dividends to Shareholders every year since its listing on SGX-ST. While it does not have a dividend policy, the Board in considering the form, frequency and amounts of dividend, will take into account factors such as the Company's earnings, financial condition, capital requirements, business expansion plans and cash flow.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Guideline 16.1: Absentia Voting

The Company has decided, for the time being, not to implement voting in absentia until security, integrity and other pertinent issues are satisfactorily resolved.

Guideline 16.2: Resolutions at General Meetings

The Board ensures that there are separate resolutions at general meetings on each distinct issue.

Guideline 16.3: Attendees at General Meetings

The Chairmen of the Board and its committees attend all general meetings to address issues raised by shareholders. The External Auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Guideline 16.4: Minutes of General Meetings

From year 2017, the minutes of general meetings as recorded by the Company Secretary will include substantial and relevant comments or queries from shareholders and responses from the Board. These minutes are made available to shareholders upon written request.

Guideline 16.5: Voting by Poll

The Company has adopted electronic poll voting at general meetings to promote greater transparency. The Company appoints scrutineer at each general meeting and announces the voting decisions and outcomes by the commencement of the pre-opening session on the market day following the general meeting.

INTERESTED PERSON TRANSACTIONS (LISTING MANUAL RULE 907)

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

During FY2018, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

APPOINTMENT OF EXTERNAL AUDITORS (LISTING MANUAL RULE 1207(6))

In appointing the auditors of the Group, the Company is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST.

DEALINGS IN SECURITIES (LISTING MANUAL RULE 1207(19))

The Company has adopted an Internal Code Governing Dealings In Securities in line with the guidelines issued by the SGX-ST. This Internal Code provides guidance and prescribes the internal regulations with regards to dealings in the Company's securities by its officers.

MATERIAL CONTRACTS (LISTING MANUAL RULE 1207(8))

During FY2018, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 30 June 2018.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 73 to 137 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 30 June 2018, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Executive

Lim Boon Hock Bernard (Chief Executive Officer)

Non-executive

Tay Joo Soon (Chairman)
Lim Chye Huat @ Bobby Lim Chye Huat
Soon Boon Siong
Lee Fang Wen
Renny Yeo Ah Kiang (Appointed on 1 July 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the Register of Directors' Shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At 1 July 2017**	**At 30 June 2018**	**At 1 July 2017**	**At 30 June 2018**
Tai Sin Electric Limited	Number of shares			
Lim Chye Huat @ Bobby Lim Chye Huat	34,715,897	35,782,797	24,021,985	–
Lim Boon Hock Bernard	49,384,527	49,384,527	1,967,792	1,967,792
Tay Joo Soon	500,000	500,000	–	–

The directors' interests in the shares of the company at 21 July 2018 were the same as at 30 June 2018.

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

(b) *Option exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the company is chaired by Soon Boon Siong, an independent director, and includes Tay Joo Soon, Lee Fang Wen and Lim Chye Huat @ Bobby Lim Chye Huat, all of whom are independent directors except for Lim Chye Huat @ Bobby Lim Chye Huat. The Audit and Risk Committee has met four times during the current financial year and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

a) the audit plans and results of the internal auditors' examination and evaluation of the group's internal accounting controls;

b) the group's financial and operating results and accounting policies;

c) the statement of financial position and statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;

e) the co-operation and assistance given by management to the group's external and internal auditors; and

f) the re-appointment of the external auditors of the company.

The Audit and Risk Committee has full access to and has the co-operation of 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 and Risk Committee.

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the company at the forthcoming Annual General Meeting of the company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

25 September 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tai Sin Electric Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 137.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the 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 *Auditor's 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* ("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.

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 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.

Key audit matters	How the matter was addressed in the audit
Allowance for trade receivables As at 30 June 2018, the group has trade receivables of $96.77 million, representing 51.1% of the group's current assets. Significant judgement is required by management in assessing the recoverability of trade receivables including those that are past due but not provided for and the level of allowance for doubtful receivables that may be required. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.	We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of allowance for doubtful receivables. We evaluated and reviewed management's assessment of the recoverability of the group's past due trade receivables as at the reporting date, including the assessment of any allowance to be made in respect of these past due debts.

Key audit matters	How the matter was addressed in the audit
Allowance for trade receivables (cont'd) The group's disclosure on trade receivables is set out in Note 7 to the financial statements.	We discussed with management on the reasons for the delay in payments for aged debts and assessed the appropriateness of any allowance for doubtful receivables to be made, by considering amongst other factors such as, subsequent cash receipts, payment history, settlement agreements or the ongoing business relationship with the debtors involved. We also evaluated and reviewed management's assessment of the credit quality and recoverability of the group's balances that are not past due. We further assessed the reasonableness of the allowance for doubtful debts by comparing the aging of the trade receivables between the current and prior period.
Allowance for inventories As at 30 June 2018, the group holds significant inventories carried at the lower of cost and net realisable value of $70.31 million, representing 37.1% of the group's current assets. Such inventories comprise cable and wire products for trading, electrical and electronic components and products, and lights and lighting components. The determination of the net realisable value of inventories is dependent upon management's assessment of allowance for inventories. This assessment involves the exercise of significant judgement in determining the allowance for inventories which includes the age and type of inventory items, likelihood of obsolescence, past history of sales transactions, the condition of the inventory items, the demand for the products and whether the allowance for inventories is adequate such that they are carried in the group's accounting records at the lower of cost or net realisable value. The group's disclosure on inventories is set out in Note 10 to the financial statements.	We performed procedures to understand management's process over the monitoring and review of the allowance for inventories and the policy in place to determine the level of allowance required. We discussed with management and evaluated the appropriateness of the group's policy and basis used in the assessment of allowance for inventories, and recalculated the allowance recorded, including testing the accuracy of the aging data used on a sample basis. We also assessed the reasonableness of the level of allowance recorded by comparing to recently transacted prices or prices of past sales of similar cable and wire products for trading, electrical and electronic components and products, and lights and lighting components. We assessed the adequacy of disclosures made by management in respect of allowance for inventories.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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 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, 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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.

Auditor's 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 auditor's 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:

a) 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.

b) 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

d) 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 auditor's 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 auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

e) 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.

f) 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 period and are therefore the key audit matters. We describe these matters in our auditor's 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 those subsidiary corporations 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 auditor's report is Mr Rankin Brandt Yeo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

25 September 2018

STATEMENTS OF FINANCIAL POSITION

30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Current assets					
Cash and bank balances	6	18,754	22,081	6,155	8,879
Trade receivables	7	96,769	80,795	52,741	41,521
Other receivables	8	3,102	2,320	3,116	2,837
Derivative financial instruments	9	369	167	369	167
Inventories	10	70,309	63,590	43,610	38,361
Total current assets		189,303	168,953	105,991	91,765
Non-current assets					
Other receivables	8	494	387	2,932	4,072
Subsidiaries	11	–	–	44,615	44,519
Associates	12	7,510	5,561	–	–
Property, plant and equipment	13	34,161	35,292	6,698	7,326
Investment property	14	3,159	3,052	–	–
Leasehold prepayments	15	130	136	–	–
Intangible assets	16	623	855	–	–
Deferred tax assets	17	62	76	–	–
Total non-current assets		46,139	45,359	54,245	55,917
Total assets		235,442	214,312	160,236	147,682
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank borrowings	18	19,753	9,994	4,641	–
Trade payables	19	28,727	23,504	16,352	9,915
Other payables	20	8,651	8,087	2,464	2,557
Current portion of finance leases	21	–	49	–	–
Derivative financial instruments	9	–*	72	–	72
Income tax payable		1,644	2,314	1,122	1,500
Total current liabilities		58,775	44,020	24,579	14,044
Non-current liabilities					
Other payables	20	88	69	–	–
Non-current portion of finance leases	21	–	87	–	–
Deferred tax liabilities	17	2,079	1,649	717	410
Total non-current liabilities		2,167	1,805	717	410
Capital, reserves and non-controlling interests					
Share capital	22	56,288	56,288	56,288	56,288
Treasury shares	23	(950)	(950)	(950)	(950)
Reserves	24	117,979	112,047	79,602	77,890
Equity attributable to the owners of the company		173,317	167,385	134,940	133,228
Non-controlling interests		1,183	1,102	–	–
Total equity		174,500	168,487	134,940	133,228
Total liabilities and equity		235,442	214,312	160,236	147,682

* Amount less than $1,000.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2018

	Note	Group	
		2018	**2017**
		$'000	**$'000**
Revenue	25	324,542	279,653
Cost of sales		(270,849)	(222,104)
Gross profit		53,693	57,549
Other operating income	26	2,088	2,772
Selling and distribution expenses		(19,217)	(18,700)
Administrative expenses		(19,565)	(18,441)
Other operating expenses		(1,892)	(1,428)
Finance costs	27	(552)	(599)
Share of profit of associates	12	3,668	342
Profit before income tax		18,223	21,495
Income tax expense	28	(2,651)	(3,153)
Profit for the year	29	15,572	18,342
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		646	(717)
Changes in share of other comprehensive income of associates	12	33	34
Other comprehensive income (loss) for the year, net of tax		679	(683)
Total comprehensive income for the year		16,251	17,659
Profit for the year attributable to:			
Owners of the company		15,456	18,177
Non-controlling interests		116	165
		15,572	18,342
Total comprehensive income attributable to:			
Owners of the company		16,167	17,492
Non-controlling interests		84	167
		16,251	17,659
Earnings per share			
Basic (cents)	30	3.55	4.17
Diluted (cents)	30	3.55	4.17

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2018

	Note	Share capital $'000	Treasury shares $'000	Reserves: Foreign currency translation reserve $'000	Reserves: Other reserve $'000	Accumulated profits $'000	Equity attributable to shareholders of the company $'000	Non-controlling interests $'000	Total equity $'000
Group									
Balance at 1 July 2016		56,288	(950)	(2,810)	(728)	108,718	160,518	4,261	164,779
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	18,177	18,177	165	18,342
Other comprehensive (loss) income for the year		–	–	(685)	–	–	(685)	2	(683)
Total		–	–	(685)	–	18,177	17,492	167	17,659
Transactions with owners, recognised directly in equity									
Acquisition of additional interest in a subsidiary		–	–	(34)	(362)	–	(396)	(3,004)	(3,400)
Share of post-acquisition reserve from an associate		–	–	–	6	–	6	–	6
Dividend paid to non-controlling interests		–	–	–	–	–	–	(322)	(322)
Final dividend for the previous financial year paid	31	–	–	–	–	(6,968)	(6,968)	–	(6,968)
Interim dividend for the financial year paid	31	–	–	–	–	(3,267)	(3,267)	–	(3,267)
Total		–	–	(34)	(356)	(10,235)	(10,625)	(3,326)	(13,951)
Balance at 30 June 2017		56,288	(950)	(3,529)	(1,084)	116,660	167,385	1,102	168,487
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	15,456	15,456	116	15,572
Other comprehensive income (loss) for the year		–	–	711	–	–	711	(32)	679
Total		–	–	711	–	15,456	16,167	84	16,251
Transactions with owners, recognised directly in equity									
Dividend paid to non-controlling interests		–	–	–	–	–	–	(3)	(3)
Final dividend for the previous financial year paid	31	–	–	–	–	(6,968)	(6,968)	–	(6,968)
Interim dividend for the financial year paid	31	–	–	–	–	(3,267)	(3,267)	–	(3,267)
Total		–	–	–	–	(10,235)	(10,235)	(3)	(10,238)
Balance at 30 June 2018		56,288	(950)	(2,818)	(1,084)	121,881	173,317	1,183	174,500

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2018

	Note	Share capital $'000	Reserves: Treasury shares $'000	Reserves: Accumulated profits $'000	Total equity $'000
<u>Company</u>					
Balance at 1 July 2016		56,288	(950)	74,278	129,616
Profit for the year, representing total comprehensive income for the year		–	–	13,847	13,847
Transactions with owners, recognised directly in equity					
Final dividend for the previous financial year paid	31	–	–	(6,968)	(6,968)
Interim dividend for the financial year paid	31	–	–	(3,267)	(3,267)
Total		–	–	(10,235)	(10,235)
Balance at 30 June 2017		56,288	(950)	77,890	133,228
Profit for the year, representing total comprehensive income for the year		–	–	11,947	11,947
Transactions with owners, recognised directly in equity					
Final dividend for the previous financial year paid	31	–	–	(6,968)	(6,968)
Interim dividend for the financial year paid	31	–	–	(3,267)	(3,267)
Total		–	–	(10,235)	(10,235)
Balance at 30 June 2018		56,288	(950)	79,602	134,940

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2018

	Group	
	2018	2017
	$'000	$'000
Operating activities		
Profit before income tax	18,223	21,495
Adjustments for:		
Depreciation expense	5,071	4,801
Amortisation expense	232	232
Interest income	(57)	(48)
Interest expense	552	599
Gain on disposal of property, plant and equipment	(54)	(732)
Property, plant and equipment written off	33	37
Inventories written off	233	250
Allowance for inventories obsolescence	76	76
Bad debts recovered	–	(40)
Allowance for doubtful receivables	745	1,343
Reversal of provision for onerous contracts	–	(42)
Fair value adjustments on derivative financial instruments taken to profit or loss	(369)	(54)
Share of profit of associates	(3,668)	(342)
Operating cash flows before movement in working capital	21,017	27,575
Trade receivables	(16,221)	18,903
Other receivables	(630)	983
Inventories	(6,777)	(2,885)
Trade payables	5,311	(1,403)
Other payables	567	(2,029)
Cash generated from operations	3,267	41,144
Income tax paid	(3,151)	(3,722)
Net cash from operating activities	116	37,422
Investing activities		
Acquisition of an associate	(888)	–
Acquisition of additional interest in a subsidiary	–	(3,400)
Purchase of property, plant and equipment [(a)]	(3,875)	(5,816)
Purchase of investment property	–	(3,182)
Proceeds from disposal of property, plant and equipment	219	791
Dividend received from an associate	2,640	–
Interest received	57	48
Net cash used in investing activities	(1,847)	(11,559)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2018

	Group	
	2018	2017
	$'000	$'000
Financing activities		
Proceeds from short-term bank borrowings	68,600	42,003
Repayment of short-term bank borrowings	(59,309)	(68,420)
Repayment of finance lease obligations	(138)	(164)
Interest paid	(552)	(599)
Dividends paid	(10,235)	(10,235)
Dividends paid to non-controlling interests	(3)	(322)
Net cash used in financing activities	(1,637)	(37,737)
Net decrease in cash and cash equivalents	(3,368)	(11,874)
Cash and cash equivalents at beginning of year	22,081	34,167
Effects of exchange rate changes on the balance of cash held in foreign currencies	41	(212)
Cash and cash equivalents at end of year	18,754	22,081

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $3,875,000 (2017 : $5,840,000) of which $Nil (2017 : $24,000) was acquired by means of finance leases. Cash payment of $3,875,000 (2017 : $5,816,000) were made to purchase property, plant and equipment.

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 198000057W) is incorporated in Singapore with its principal place of business and registered office at 24 Gul Crescent, Singapore 629531. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the company are that of cable and wire manufacturer and dealer in such products and investment holding.

The principal activities of the subsidiaries and associates are stated in Notes 11 and 12 respectively to the financial statements.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended 30 June 2018 were authorised for issue by the Board of Directors on 25 September 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 July 2017, the group and company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The group and the company will be adopting the new framework for the first time for financial year ending 30 June 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the group and the company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (30 June 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 30 June 2019, an additional opening statement of financial position as at date of transition (1 July 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 July 2017) and as at end of the last financial period under FRS (30 June 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 30 June 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and does not expect any change to the group's and the company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time.

PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (30 June 2019), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 30 June 2019, they may impact the disclosures of estimated effects described below.

The following SFRS(I) pronouncements are expected to have an impact to the group and the company in the periods of their initial application under the new SFRS(I) framework:

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- SFRS(I) 16 *Leases*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities and (ii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of the expected credit loss model in accordance with SFRS(I) 9 will result in a change in timing and basis of estimating doubtful debts. Historically, the group and company have low incidence of doubtful debts and future change to the expected credit risk model is not expected to have a significant effect on operating results.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management anticipates that the initial application of the new SFRS(I) 15 will not have significant impact to the accounting policies relating to revenue recognition. Additional disclosures will also be made with respect of revenue, including information about contracts with customers, contract balances and performance obligation.

SFRS(I) ***16 Leases***

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

As at 30 June 2018, the group has non-cancellable operating lease commitments as disclosed in Note 34 to the financial statements. A preliminary assessment indicates that certain leases will meet the definition of a lease under SFRS(I) 16, and hence the group will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have an impact on the amount recognised in the group's and company's financial statements and the management is currently assessing its potential impact.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment 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 FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interest 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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS 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 FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquiree in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

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 from acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating 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 premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and 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.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active markets are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When trade or other receivables are uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the 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 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 received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the 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.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. The group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in Note 9 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss 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 economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The group as lessor

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.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Inventories comprise cable and wire products for trading, electrical and electronic components and products, lights and lighting components by the various subsidiaries and raw materials, work-in-progress and finished goods for the company and other manufacturing entities. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The cost of inventories for trading is calculated on a weighted-average basis. The cost of raw materials for manufacturing entities is calculated on a first-in-first-out basis. Work-in-progress and finished goods for manufacturing entities are calculated using the weighted-average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

Freehold property	-	2% to 2.5%
Leasehold land and buildings	-	1.75% to 20%
Office equipment and furniture	-	7.5% to 100%
Plant and machinery	-	10% to 33%
Motor vehicles	-	10% to 20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is not provided on freehold land.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals, is carried at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of the investment property over its estimated useful life at an annual rate of 2.5% using the straight-line method.

The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INTANGIBLE ASSETS - Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of intangible assets are assessed as either finite or indefinite.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives. The amortisation period and method are reviewed at least at each financial year end.

Intangible assets relating to customer relationships and proprietary application software acquired in a business combination have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. The customer relationships and proprietary application software are amortised on a straight-line basis over their estimated useful lives and recorded as part of 'selling and distribution expenses' and 'cost of sales' respectively in the consolidated statement of profit or loss and other comprehensive income. Their estimated useful lives are as follows:

Customer relationships	-	9 years
Proprietary application software	-	5 years

Software costs that are directly associated with identifiable software controlled by the group that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Internally developed software were initially capitalised at cost which included the purchase price (net of any discounts and rebates, and government grant) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhanced or extended the performance of software beyond its specifications and which can be reliably measured was added to the original cost of the software. Costs associated with maintaining computer software were recognised as an expense as incurred.

Software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

The period and method of amortisation of the software are reviewed at least once at each financial reporting year end. The effects of any revision of the amortisation period or method are included in profit or loss for the period in which the changes arise. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

ASSOCIATE - An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the group reduces its ownership interest in an associate but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) 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 reporting period, 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.

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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Rendering of services

Revenue from rendering of services that are of short duration is recognised upon billings raised for performance of services.

Revenue from rendering services that are project-based is recognised when the services are rendered, by reference to completion of the specific transaction and upon acceptance by the customer.

Interest income

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

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

BORROWING COSTS - Borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. 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.

EMPLOYEE LEAVE ENTITLEMENT - 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 reporting period.

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 in the consolidated statement of profit or loss and other comprehensive income 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 its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on 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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - 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 consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the derivative financial instruments accounting policy above.

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 reporting period. 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 recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) *Critical judgements in applying the entity's accounting policies*

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

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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.

i) <u>Allowance for doubtful receivables</u>

Allowance for doubtful receivables of the group is based on an assessment of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the group contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The allowance and carrying amount of doubtful receivables at the end of the reporting period are disclosed in Notes 7 and 8 to the financial statements.

ii) <u>Provision for onerous contracts</u>

An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

An assessment is made at each reporting date whether any major contracts are deemed onerous and provisions are made accordingly. Provisions for onerous contracts represent the estimated losses arising from the differences between (1) the committed selling prices and estimated cost of sales for the unfulfilled sales quantities committed in respect of contracts for which delivery has substantially commenced by the end of the financial year and (2) the committed prices and estimated cost for the services committed in respect of uncompleted contracts.

For the years ended 30 June 2018 and 2017, no provision for onerous contracts was made.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

iii) Allowance for inventories

The policy for allowance for inventories for the group is based on management's judgement and evaluation of the saleability and the aging analysis of the individual inventory item. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories, including the current market price and movement trend of each inventory.

The carrying amount of inventories at the end of the reporting period is disclosed in Note 10 to the financial statements.

iv) Impairment of investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment loss. The company follows the guidance of FRS 36 *Impairment of Assets* to determine when its investments in subsidiaries and associates are impaired. This determination requires management to evaluate, among other factors, the market and economic environment in which the subsidiaries and associates operate, economic performance of these entities, the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and fair value of investments less cost to sell.

The carrying amount of investments in and advances to subsidiaries at the end of the reporting period was $44,615,000 (2017 : $44,519,000) as disclosed in Note 11. No impairment is deemed necessary by management as there were no impairment indicators.

The carrying amount of investments in associates at the end of the reporting period is disclosed in Note 12 to the financial statements.

v) Impairment of customer relationships

Management of the group performs an impairment assessment of the customer relationships to determine whether there is any indication that they may be impaired as at the end of the reporting period. In making this assessment, management considers the estimates and assumptions used in determining the carrying value of customer relationships including account attrition, expected lives and other factors. Significant changes in these estimates and assumptions could adversely impact the valuation of the customer relationships.

Management has assessed that the estimates and assumptions used in prior years remain appropriate and no impairment in customer relationships is required. The carrying value of customer relationships is $623,000 (2017 : $855,000) as at the end of the reporting period as disclosed in Note 16.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	117,057	104,303	64,776	57,090
Derivative financial instruments	369	167	369	167
Financial liabilities				
Amortised cost	55,333	40,612	23,451	12,470
Derivative financial instruments	–	72	–	72

(b) *Financial risk management policies and objectives*

The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, use of derivative financial instruments and investing excess cash.

The group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including short-term forward foreign contracts to manage the foreign currency exchange rate risk and copper contracts to manage the risk of future fluctuations in copper prices.

There has been no change 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.

i) Foreign exchange risk management

The group operates regionally, giving rise to significant exposure to market risk from changes in foreign exchange rates. Exposures to foreign exchange risks are managed as far as possible by natural hedge of matching assets and liabilities.

The group's exposure to foreign exchange risk arises mainly from transactions denominated in United States dollar and other foreign currencies relative to the Singapore dollar.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

i) Foreign exchange risk management (cont'd)

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities that are not denominated in the functional currencies of the respective group entities are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollar	15,328	9,109	5,752	4,714	13,223	6,539	1,429	1,283
Euro	837	936	–	–	768	877	–	–
Singapore dollar	864	1,496	1,334	817	–	–	–	–
Malaysian ringgit	–	217	–	–	–	217	–	–

Management enters into short-term forward foreign currency exchange contracts to manage foreign currency exchange rate risk. The group's commitments on forward foreign exchange contracts at 30 June 2018 and 2017 are disclosed in Note 9.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in functional currency against the relevant foreign currencies after factoring in the impact of forward foreign exchange contracts. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the functional currency of the respective group entities appreciates by 10% against the relevant foreign currencies, profit before income tax will increase (decrease) by:

	United States dollar impact		Euro impact		Singapore dollar impact		Malaysian ringgit impact	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit or loss	(746)	(2,365)	84	94	(47)	68	–	22
Company								
Profit or loss	(497)	(2,278)	77	88	–	–	–	22

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

The impact to profit or loss is mainly attributable to the exposure outstanding on receivables and payables at the end of the reporting period in the group.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii) Interest rate risk management

The group's exposure to the risk of changes in interest rates relates mainly to bank borrowings. The group actively reviews its debt portfolio to achieve the most favourable interest rates available.

The interest rates and terms of repayment for bank borrowings and leases of the group are disclosed in Notes 18 and 21 to the financial statements respectively.

A significant portion of the group's borrowings are on a fixed rate interest basis. Accordingly, future fluctuation in interest rate is not expected to have any significant impact on the profit or loss of the group.

The interest rates and repricing period for fixed deposits are disclosed in Note 6 to the financial statements.

Management has considered the total outstanding borrowings as well as their current interest rate environment and does not expect the effect of changes in interest rate on these borrowings to be significant.

Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (iv) of this note.

iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables of the group consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

iii) Credit risk management (cont'd)

The group and company are exposed to a concentration of credit risk as trade receivables amounting to about 14% (2017 : 7%) and 25% (2017 : 14%) respectively are due mainly from three key customers (2017 : two key customers) with good payment history. The group commenced legal action against one customer (2017 : two customers) for which the group and company have made an allowance of $322,000 (2017 : $1,670,000) and $322,000 (2017 : $1,510,000) respectively.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

The credit risk for gross trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Singapore	74,400	62,806	50,858	41,175
Malaysia	15,655	13,681	212	591
Brunei	1,365	1,461	35	131
Vietnam	2,496	3,542	636	881
Indonesia	1,809	1,123	201	87
Thailand	71	688	22	657
Myanmar	1,202	90	1,200	90
Cambodia	814	–	–	–
Others	279	406	–	33
Total gross trade receivables	98,091	83,797	53,164	43,645

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

iv) Liquidity risk management

The group maintains sufficient cash and cash equivalents, availability of adequate committed funding lines from financial institutions and internally generated cash flows to finance their activities. The group finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities in the statements of financial position.

	Weighted average effective interest rate % per annum	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2018					
Non-interest bearing	–	35,492	88	–	35,580
Fixed interest rate instruments	3.25	20,394	–	(641)	19,753
		55,886	88	(641)	55,333
2017					
Non-interest bearing	–	30,413	69	–	30,482
Finance lease liability (fixed rate)	6.72	49	103	(16)	136
Fixed interest rate instruments	3.26	10,319	–	(325)	9,994
		40,781	172	(341)	40,612
Company					
2018					
Non-interest bearing	–	18,810	–	–	18,810
Fixed interest rate instruments	2.47	4,756	–	(115)	4,641
		23,566	–	(115)	23,451
2017					
Non-interest bearing	–	12,470	–	–	12,470

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

The maximum amount that the company could be forced to settle under the corporate guarantee in relation to credit facilities granted to subsidiaries in Note 32 is $15,112,000 (2017 : $9,994,000). The earliest period that the guarantee could be called is within 1 year (2017 : 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets in the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000
Group					
2018					
Non-interest bearing	–	116,553	494	–	117,047
Fixed interest rate instruments	0.25	10	–	–	10
		116,563	494	–	117,057
2017					
Non-interest bearing	–	102,933	387	–	103,320
Fixed interest rate instruments	3.40	1,016	–	(33)	983
		103,949	387	(33)	104,303

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) ***Financial risk management policies and objectives (cont'd)***

iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate % per annum	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Company					
2018					
Non-interest bearing	–	60,704	–	–	60,704
Fixed interest rate instruments	1.70	1,200	2,932	(60)	4,072
		61,904	2,932	(60)	64,776
2017					
Non-interest bearing	–	51,898	–	–	51,898
Fixed interest rate instruments	1.70	1,200	4,197	(205)	5,192
		53,098	4,197	(205)	57,090

Derivative financial instruments

As at 30 June 2018, the fair value of the gross settled foreign exchange forward contracts and copper contracts which were on demand or within one year payable amounted to $Nil in liabilities (2017 : $72,000 in liabilities) and $369,000 in assets (2017 : $167,000 in assets).

v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

v) Fair values of financial assets and financial liabilities (cont'd)

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair value hierarchy of the group's derivative financial instruments relating to forward foreign exchange contracts and copper contracts are classified as Level 2. There were no movements between different levels during the year.

(c) *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 the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Notes 18 and 21 (net of cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated profits as disclosed in Notes 22 to 24.

The group and company are required to maintain compliance with covenants imposed by banks and these include a minimum tangible net worth amount and a maximum gearing ratio. The group and company are in compliance with these covenant requirements for the financial years ended 30 June 2018 and 2017.

The Board of Directors reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk of characteristics of the underlying assets.

The group's overall strategy remains unchanged from 2017.

5 RELATED PARTY TRANSACTIONS

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

During the year, the group entered into the following significant transactions with related parties:

	Group	
	2018	**2017**
	$'000	**$'000**
Sales to associates	(3,658)	(6,670)
Companies in which key management have interests:		
Sales	(1,008)	(877)
Purchases	831	267
Purchase of plant and machinery from a related party	–	99
Services provided to a related party	(818)	–
Services provided by a related party	23	508
Sub-contract charges to a related party	(469)	–
Consultancy services provided to a related party	(63)	–
Rental of fixed assets by a related party	–	61
Rental income from a related party	(11)	–
Billing on behalf by a related party	(868)	–
Wages paid on behalf by a related party	–	918
Expenses paid on behalf to a related party	658	270
Other expenses due from a related party	–	(111)

Compensation of directors and key management personnel

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

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term benefits (including directors' fee)	6,032	6,759
Post-employment benefits	304	347
	6,336	7,106

6 CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash and bank balances	18,744	21,098	6,155	8,879
Fixed deposits	10	983	–	–
	18,754	22,081	6,155	8,879

The fixed deposits bear interest at 0.25% (2017 : 0.25% to 3.40%) per annum and are due within 12 months (2017: 12 months). The fixed deposits can be converted to a known amount of cash at minimum charges at short notice.

7 TRADE RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Outside parties	96,500	80,631	51,083	39,803
Related parties (Note 5)	886	798	35	132
Subsidiaries (Note 11)	–	–	1,420	1,628
Associates (Note 12)	705	2,368	626	2,082
	98,091	83,797	53,164	43,645
Less: Allowance for doubtful receivables	(1,322)	(3,002)	(423)	(2,124)
	96,769	80,795	52,741	41,521

The average credit period on sales of goods is 30 to 120 days (2017 : 30 to 120 days). No interest is charged on the trade receivables.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Management believes that there is no further allowance required in excess of the allowance for doubtful receivables as there has been no significant change in credit quality and the amounts of receivables (net of allowances) are still considered recoverable.

Included in the group's and company's trade receivables are debtors with a carrying amount of $38,831,000 (2017 : $37,342,000) and $19,856,000 (2017 : $16,198,000) respectively which are past due at the reporting date for which the group and company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. There has also not been a significant change in credit quality of the balances that are not past due.

7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at 30 June respectively:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not past due and not impaired	57,938	43,453	32,885	25,323
Past due but not impaired	38,831	37,342	19,856	16,198
	96,769	80,795	52,741	41,521
Impaired receivables - individually assessed [(i), (ii)] :				
- Past due more than 6 months and no response to repayment demands	1,322	3,002	423	2,124
Less: Allowance for impairment	(1,322)	(3,002)	(423)	(2,124)
	–	–	–	–
Total trade receivables, net	96,769	80,795	52,741	41,521
Aging of receivables that are past due but not impaired				
< 3 months	31,086	31,065	16,370	13,847
3 months to 6 months	4,124	3,416	1,506	1,263
6 months to 12 months	2,678	1,883	1,767	758
> 12 months	943	978	213	330
	38,831	37,342	19,856	16,198

(i) These amounts are stated before any deduction for impairment losses.

(ii) These receivables are not secured by any collateral or credit enhancements.

Movements in the allowance for doubtful receivables:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Balance at beginning of the year	3,002	1,887	2,124	1,460
Charge to profit or loss	745	1,343	454	713
Amounts written off during the year	(2,446)	(222)	(2,155)	(49)
Currency realignment	21	(6)	–	–
Balance at end of the year	1,322	3,002	423	2,124

8 OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Subsidiaries (Note 11)	–	–	1,697	1,334
Loan to a subsidiary (Note 11)	–	–	4,072	5,192
Related parties (Note 5)	340	426	–	–
Advances to staff	288	361	107	149
Prepayments	1,157	1,087	168	219
Leasehold prepayments (current portion) (Note 15)	4	4	–	–
Loan to directors	–	8	–	–
Other deposits	427	368	2	13
Advance to suppliers	523	71	–	–
Tax recoverable	378	118	–	–
Others	500	285	2	2
Total	3,617	2,728	6,048	6,909
Less: Non-current other receivables	(494)	(387)	(2,932)	(4,072)
Less: Allowance for doubtful receivables	(21)	(21)	–	–
Current other receivables	3,102	2,320	3,116	2,837

The loan to a subsidiary of $4,072,000 (2017 : $5,192,000) bears interest at a fixed rate of 1.70% per annum, is unsecured and is to be repaid over 8 years, with fixed monthly instalments of $100,000 that commenced from December 2014.

The loan to directors was unsecured, interest-free and payable on demand.

Movements in the allowance for doubtful receivables:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Balance at beginning and end of the year	21	21	–	–

9 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company		Group		Company	
	2018		2018		2017		2017	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Forward foreign exchange contracts	366	–*	366	–	–	(72)	–	(72)
Copper contracts	3	–	3	–	167	–	167	–
Total	369	–*	369	–	167	(72)	167	(72)

* Amount less than $1,000.

9 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Forward foreign exchange contracts

As at 30 June 2018 and 2017, the group had outstanding currency derivatives that were used to hedge significant future transactions. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

Details of the group's forward foreign currency contracts outstanding as at the end of the reporting period are as follows:

	Foreign currency		Notional contract value		Fair value	
	2018 FC'000	2017 FC'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Group						
Buy United States dollar less than 12 months	12,759	20,000	17,033	27,652	366	(72)
Company						
Buy United States dollar less than 12 months	12,559	20,000	16,760	27,652	366	(72)

As at 30 June 2018, the fair value of forward foreign exchange contracts for the group and the company was at a net assets position amounting to $366,000 (2017 : net liabilities position amounting to $72,000). These amounts were determined based on observable forward exchange rates, contract forward rates and discounted at a rate that reflected the credit risk of various counterparties at the end of reporting period. Changes in the fair value of the forward foreign exchange contracts were recorded in profit or loss immediately.

Copper contracts

As at 30 June 2018 and 2017, the group and the company had outstanding copper contracts that were used to hedge significant future fluctuations in copper prices.

10 INVENTORIES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Raw materials	8,325	8,083	5,258	5,605
Work-in-progress	16,415	12,425	10,640	7,219
Finished goods	39,693	40,062	23,170	23,089
Goods-in-transit	5,876	3,020	4,542	2,448
	70,309	63,590	43,610	38,361

Inventories are stated net of an allowance of $455,000 (2017 : $379,000). In addition, $233,000 (2017 : $250,000) of inventories were written off as they were assessed to be not saleable. During the year, there is an allowance for inventories obsolescence of $76,000 (2017 : $76,000).

11 SUBSIDIARIES

	Company 2018 $'000	Company 2017 $'000
Unquoted equity shares, at cost	36,429	36,429
Deemed investment [(a)]	8,186	7,302
Advances	–	788
	44,615	44,519

The advances to subsidiaries are unsecured, interest-free, substantially non-trade in nature and are deemed to be part of the net investments as they are not expected to be repaid in the foreseeable future.

(a) The deemed investment arises from the fair value of corporate guarantees given to subsidiaries to secure the bank facilities.

Fair value of corporate guarantees is the guarantee fee received for issuing the financial guarantee and is approximately in an indicative range of between 1% to 2% (2017 : 1% to 2%) per annum of the sum guaranteed under the financial guarantee contract.

Details of the subsidiaries are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held 2018 %	2017 %
Tai Sin Electric Cables (Malaysia) Sdn. Bhd. [(b)]	Cable and wire manufacturer and dealer in such products/ Malaysia	100	100
PKS Sdn Bhd [(b)]	Electrical switchboards, feeder pillars and components manufacturer and dealer in such products/ Brunei	70	70
Tai Sin (Vietnam) Pte Ltd [(a)]	Intermediate investment holding/ Singapore	100	100
Tai Sin Electric Cables (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Cable and wire manufacturer and dealer in such products/ Vietnam	100	100
Lim Kim Hai Electric (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Trading of electrical products/ Vietnam	90	90
Tai Sin Electric International Pte Ltd [(a)]	Dormant/ Singapore	100	100

11 SUBSIDIARIES (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held	
		2018	2017
		%	%
Lim Kim Hai Electric Co (S) Pte Ltd [(a)]	Distributor of electrical products and investment holding/ Singapore	100	100
LKH Electric (M) Sdn. Bhd. (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(b)]	Dormant/ Malaysia	100	100
LKH Precicon Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
LKH Projects Distribution Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
CAST Laboratories Pte Ltd [(a)]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	100	100
CiPGi Pte Ltd (subsidiary of CAST Laboratories Pte Ltd) [(a)]	Dormant/ Singapore	100	100
CASTconsult Sdn Bhd (subsidiary of CAST Laboratories Pte Ltd) [(b)]	General construction and technical engineering/ Malaysia	100	100
PT CAST Laboratories Indonesia (subsidiary of CAST Laboratories Pte Ltd) [(d)]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	95	95

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by member firms of Deloitte Touche Tohmatsu Limited.

(c) Audited by DTL Auditing Company, a member firm of RSM International.

(d) Audited by KAP Hendrawinata Hanny Erwin & Sumargo, a member firm of Kreston International.

11 SUBSIDIARIES (cont'd)

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiaries	
		2018	2017
Cable and wire manufacturer and dealer in such products	Malaysia	1	1
Dormant	Malaysia	1	1
Investment holding	Singapore	1	1
Cable and wire manufacturer and dealer in such products	Vietnam	1	1
Dormant	Singapore	2	1
Distributor of electrical products and investment holding	Singapore	1	1
Distributor of electrical products	Singapore	2	2
Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding	Singapore	1	1
Provision of technical testing services, analysis services, construction and infrastructure maintenance activities	Singapore	–	1
General construction and technical engineering	Malaysia	1	1
		11	11

11 SUBSIDIARIES (cont'd)

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiaries	
		2018	2017
Trading of electrical products	Vietnam	1	1
Electrical switchboards, feeder pillars and components manufacturer and dealer in such products	Brunei	1	1
Provision of oil and gas, non-construction, testing and analysis services	Indonesia	1	1
		3	3

The table below shows details of non-wholly owned subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	2018	2017	2018	2017
		%	%	$'000	$'000	$'000	$'000
PKS Sdn Bhd	Brunei	30	30	71	93	798	727
CAST Laboratories Pte Ltd and its subsidiaries [(a)]	Singapore	5	5	–*	7	115	126
Lim Kim Hai Electric (VN) Company Limited	Vietnam	10	10	45	65	270	249
Total				116	165	1,183	1,102

(a) Non-controlling interest in CAST Laboratories Pte Ltd and its subsidiaries pertains to PT CAST Laboratories Indonesia.

* Amount less than $1,000.

11 SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	PKS Sdn Bhd		CAST Laboratories Pte Ltd and its subsidiaries		Lim Kim Hai Electric (VN) Company Limited	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current assets	3,238	2,765	1,703	1,609	4,354	4,264
Non-current assets	32	53	1,094	1,260	91	123
Current liabilities	(612)	(396)	(409)	(290)	(1,749)	(1,894)
Non-current liabilities	–	–	(88)	(69)	–	–
Equity attributable to owners of the company	1,860	1,695	2,185	2,384	2,426	2,244
Non-controlling interests	798	727	115	126	270	249
Revenue	5,150	5,179	2,037	2,724	20,564	24,066
Expenses	(4,914)	(4,869)	(2,046)	(2,597)	(20,109)	(23,407)
Profit (Loss) for the year	236	310	(9)	127	455	659
Profit (Loss) attributable to owners of the company	165	217	(9)	121	410	593
Profit attributable to the non-controlling interests	71	93	–*	6	45	66
Profit (Loss) for the year	236	310	(9)	127	455	659
Other comprehensive (loss) income attributable to owners of the company	–	–	(65)	(41)	(44)	6
Other comprehensive (loss) income attributable to the non-controlling interests	–	–	(11)	1	(21)	1
Other comprehensive (loss) income for the year	–	–	(76)	(40)	(65)	7
Total comprehensive income (loss) attributable to owners of the company	165	217	(74)	80	366	599
Total comprehensive income (loss) attributable to the non-controlling interests	71	93	(11)	7	24	67
Total comprehensive income (loss) for the year	236	310	(85)	87	390	666
Dividends paid to non-controlling interests	–	300	–	15	3	7
Net cash inflow (outflow) from operating activities	677	36	97	(68)	(6)	200
Net cash outflow from investing activities	–	–	(68)	(349)	(24)	–
Net cash outflow from financing activities	–	(1,000)	–	(299)	(27)	(70)
Net cash inflow (outflow)	677	(964)	29	(716)	(57)	130

* Amount less than $1,000.

12 ASSOCIATES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Unquoted equity shares, at cost	2,688	1,800	–	–
Share of post-acquisition results and reserves, net of dividends received	4,822	3,761	–	–
	7,510	5,561	–	–

Details of the group's associates and its significant investments are as follows:

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %	Proportion of voting power held 2018 %	Proportion of voting power held 2017 %
Held by Lim Kim Hai Electric Co (S) Pte Ltd					
Nylect International Pte. Ltd. [a]	Investment holding/ Singapore	30	30	30	30
Held by Nylect International Pte. Ltd.					
Nylect Engineering Pte Ltd [a]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
Nylect Technology Ltd Vietnam [b]	Mechanical and electrical design and installation/ Vietnam	100	100	100	100
Shanghai Nylect Engineering Co., Ltd [a]	Mechanical and electrical design and installation/ People's Republic of China	100	100	100	100
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	70	70	70	70
Held by Nylect Technology Ltd Vietnam					
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	–#	30	–#	30
Held by Nylect Engineering Pte Ltd					
NEPL Pte Ltd [a]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	30#	–	30#	–
Held by CAST Laboratories Pte Ltd					
Astar Laboratory Pte. Ltd. [c]	Provision of environmental engineering services, laboratory testing services and other related services/ Singapore	30	–	30	–

12 ASSOCIATES (cont'd)

(a) Audited by RSM Chio Lim LLP, Singapore and member firms of RSM International.

(b) Audited by firms of accountants other than member firms of RSM International.

(c) Audited by LL Ong & Co. Public Accountants and Chartered Accountant of Singapore.

During the financial year ended 30 June 2018, shares of Nylect Technology (Myanmar) Ltd were transferred from Nylect Technology Ltd Vietnam to Nylect Engineering Pte Ltd.

The above associates are accounted for using the equity method in these consolidated financial statements.

i. The financial year end date of Nylect International Pte. Ltd. is 31 December. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31 December 2017 and the unaudited consolidated management accounts for the intervening 6 months periods ended 30 June 2018 and 2017 have been used.

ii. On 30 April 2018, CAST Laboratories Pte Ltd acquired 30% of shares in Astar Laboratory Pte. Ltd. for a consideration of $888,000. The financial year end date of Astar Laboratory Pte. Ltd. is 30 June. For the purposes of applying the equity method of accounting, the audited financial statements of the associate for the year ended 30 June 2018 and the unaudited management accounts for the intervening period from 1 May 2018 to 30 June 2018 have been used.

iii. The group has significant influence over Nylect International Pte. Ltd. and Astar Laboratory Pte. Ltd. by virtue of the current board representation where the group has appointed one out of the three directors and the group has 30% voting interest.

Summarised financial information in respect of the group's associate is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with FRS, adjusted by the group for equity accounting purposes.

Nylect International Pte. Ltd.

	2018 $'000	2017 $'000
Current assets	37,146	29,678
Non-current assets	7,300	10,825
Current liabilities	(20,503)	(19,798)
Non-current liabilities	(2,000)	(2,170)
Revenue	41,530	51,198
Profit for the year	12,096	1,138
Other comprehensive income for the year	110	112
Total comprehensive income for the year	12,206	1,250
Dividend received from the associate during the year	2,640	–

12 ASSOCIATES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2018 $'000	2017 $'000
Net assets of the associate	21,943	18,535
Proportion of the group's ownership interest in Nylect International Pte. Ltd.	30%	30%
Carrying amount of the group's interest in Nylect International Pte. Ltd.	6,583	5,561

Astar Laboratory Pte. Ltd.

	2018 $'000
Current assets	1,339
Non-current assets	454
Current liabilities	(270)
Non-current liabilities	(140)
Revenue	324
Profit for the year, representing total comprehensive income for the year	131

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2018 $'000
Net assets of the associate	1,383
Proportion of the group's ownership interest in Astar Laboratory Pte. Ltd.	30%
Goodwill	512
Carrying amount of the group's interest in Astar Laboratory Pte. Ltd.	927

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold property $'000	Leasehold land and buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group							
Cost:							
At 1 July 2016	2,113	2,585	27,189	7,351	31,258	3,354	73,850
Currency realignment	(82)	(60)	14	(27)	(155)	(10)	(320)
Additions	–	102	10	1,120	3,661	947	5,840
Disposals	–	–	(210)	(144)	(67)	(264)	(685)
Write-offs	–	–	–	(161)	(880)	(24)	(1,065)
Reclassification	–	–	–	7	–	(7)	–
At 30 June 2017	2,031	2,627	27,003	8,146	33,817	3,996	77,620
Currency realignment	105	83	(74)	11	156	13	294
Additions	–	49	56	701	2,468	601	3,875
Disposals	–	–	–	(118)	(270)	(197)	(585)
Write-offs	–	–	–	(120)	(209)	–	(329)
At 30 June 2018	2,136	2,759	26,985	8,620	35,962	4,413	80,875
Accumulated depreciation:							
At 1 July 2016	–	380	12,868	3,874	20,376	1,842	39,340
Currency realignment	–	(14)	1	(18)	(88)	(2)	(121)
Depreciation	–	68	513	1,308	2,292	582	4,763
Disposals	–	–	(210)	(139)	(13)	(264)	(626)
Write-offs	–	–	–	(158)	(846)	(24)	(1,028)
Reclassification	–	–	–	(2)	–	2	–
At 30 June 2017	–	434	13,172	4,865	21,721	2,136	42,328
Currency realignment	–	22	(9)	12	55	2	82
Depreciation	–	74	512	1,347	2,451	636	5,020
Disposals	–	–	–	(49)	(204)	(167)	(420)
Write-offs	–	–	–	(112)	(184)	–	(296)
At 30 June 2018	–	530	13,675	6,063	23,839	2,607	46,714
Carrying amount:							
At 30 June 2018	2,136	2,229	13,310	2,557	12,123	1,806	34,161
At 30 June 2017	2,031	2,193	13,831	3,281	12,096	1,860	35,292

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 July 2016	7,568	1,256	17,548	1,657	28,029
Additions	–	149	1,276	441	1,866
Disposals	–	–	–	(227)	(227)
Write-offs	–	(102)	(837)	–	(939)
At 30 June 2017	7,568	1,303	17,987	1,871	28,729
Additions	56	271	454	–	781
Disposals	–	–	(138)	–	(138)
Write-offs	–	(38)	(28)	–	(66)
At 30 June 2018	7,624	1,536	18,275	1,871	29,306
Accumulated depreciation:					
At 1 July 2016	7,021	854	12,312	1,037	21,224
Depreciation	34	153	856	271	1,314
Disposals	–	–	–	(227)	(227)
Write-offs	–	(102)	(806)	–	(908)
At 30 June 2017	7,055	905	12,362	1,081	21,403
Depreciation	36	200	883	262	1,381
Disposals	–	–	(120)	–	(120)
Write-offs	–	(36)	(20)	–	(56)
At 30 June 2018	7,091	1,069	13,105	1,343	22,608
Carrying amount:					
At 30 June 2018	533	467	5,170	528	6,698
At 30 June 2017	513	398	5,625	790	7,326

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The group's freehold land, freehold properties, leasehold land and buildings comprise the following:

Location	Title	Description
24 Gul Crescent Singapore 629531	Leasehold (52 years from 1 August 1980)	Factory building
22 Gul Crescent Singapore 629530	Leasehold (28 years 7 months from 31 December 2004)	Factory building
11 Gul Lane Singapore 629410	Leasehold (51 years 16 days from 16 July 1981)	Factory building
53 Kallang Place Singapore 339177	Leasehold (60 years from 1 April 1976)	Industrial building
27 Gul Avenue Singapore 629667	Leasehold (60 years from 1 July 1979)	Factory building
PTD 37433, 37434 & 37444 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim Malaysia	Freehold	Factory building
Lot B Kawasan Perindustrian Beribi 1 Jalan Gadong BE1118 Bandar Seri Begawan Negara Brunei Darussalam	Leasehold (20 years from 1 July 2012)	Factory building
No. 20 VSIP II, Street 2, Vietnam Singapore Industrial Park 2 Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	Leasehold (50 years from 29 June 2006)	Factory building
17 Tuas Avenue 8 Singapore 639232	Leasehold (60 years from 16 December 1995)	Factory building
The Canary Heights Binh Duong Boulevard Binh Hoa Ward Thuan An District Binh Duong Province, Vietnam	Leasehold (50 years from 14 July 2008)	Apartment Unit
63 Hillview Avenue Lam Soon Industrial Building #10-21 Singapore 669569	Freehold	Flatted factory unit
The Central Sukajadi Block B1, No. 3A-5 Batam 29462, Indonesia	Leasehold (30 years from 5 August 2003)	Office shop lot

The carrying amount of motor vehicles, office equipment, plant and machinery under finance leases for the group as at 30 June 2018 is $Nil (2017 : $217,000).

14 INVESTMENT PROPERTY

	Group $'000
Cost:	
At 1 July 2016	3,182
Currency realignment	(92)
At 30 June 2017	3,090
Currency realignment	161
At 30 June 2018	3,251
Accumulated depreciation:	
At 1 July 2016	–
Depreciation	38
At 30 June 2017	38
Depreciation	51
Currency realignment	3
At 30 June 2018	92
Carrying amount:	
At 30 June 2018	3,159
At 30 June 2017	3,052

The investment property of the group as at 30 June 2018 is as follows:

Location	Title	Description
Lot 45101, PLO 158 Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor, Malaysia	Freehold	Commercial property for leasing

The property rental income from the group's investment property which is leased out under operating lease amounted to $186,000 (2017 : $136,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $11,000 (2017 : $7,000).

The fair value of the investment property as at 30 June 2018 amounted to $3,538,000 (2017 : $3,148,000) and had been determined on the basis of valuations carried out by an independent valuer having an appropriate recognised professional qualification.

15 LEASEHOLD PREPAYMENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Leasehold prepayments	134	140	–	–
Less: Current portion included as prepayment (Note 8)	(4)	(4)	–	–
	130	136	–	–

Leasehold prepayments comprise prepaid land rentals for use of land in Vietnam. These are charged to profit or loss on a straight-line basis over the term of the relevant lease of approximately 50 years.

16 INTANGIBLE ASSETS

	Customer relationships	**Proprietary application software**	**Total**
	$'000	**$'000**	**$'000**
Group			
Cost:			
At 1 July 2016 and 30 June 2017 and 2018	2,114	219	2,333
Accumulated amortisation:			
At 1 July 2016	1,027	219	1,246
Amortisation	232	–	232
At 30 June 2017	1,259	219	1,478
Amortisation	232	–	232
At 30 June 2018	1,491	219	1,710
Carrying amount:			
At 30 June 2018	623	–	623
At 30 June 2017	855	–	855

The amortisation expenses of the customer relationships and proprietary application software have been included in the line items 'selling and distribution expenses' and 'cost of sales' respectively in the consolidated statement of profit or loss and other comprehensive income. The average remaining amortisation period for the intangible assets is 3 years (2017 : 4 years).

17 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred tax assets	62	76	–	–
Deferred tax liabilities	(2,079)	(1,649)	(717)	(410)

The major components giving rise to deferred tax assets and liabilities recognised by the group and the company and movements thereon during the year:

Deferred tax assets

	Provisions $'000	Unutilised capital allowances $'000	Total $'000
Group			
At 1 July 2016	37	29	66
Charge (Credit) to profit or loss	21	(6)	15
Currency realignment	(6)	1	(5)
At 30 June 2017	52	24	76
Credit (Charge) to profit or loss	2	(16)	(14)
Currency realignment	4	(4)	–
At 30 June 2018	58	4	62

Deferred tax liabilities

	Accelerated tax depreciation $'000	Others $'000	Total $'000
Group			
At 1 July 2016	(1,320)	(133)	(1,453)
(Charge) Credit to profit or loss	(232)	27	(205)
Currency realignment	9	–	9
At 30 June 2017	(1,543)	(106)	(1,649)
(Charge) Credit to profit or loss	(440)	26	(414)
Currency realignment	(16)	–	(16)
At 30 June 2018	(1,999)	(80)	(2,079)

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17 DEFERRED TAX ASSETS (LIABILITIES) (cont'd)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $60.93 million (2017 : $56.14 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

	Accelerated tax depreciation $'000
Company	
At 1 July 2016	(90)
Charge to profit or loss	(320)
At 30 June 2017	(410)
Charge to profit or loss	(307)
At 30 June 2018	(717)

18 SHORT-TERM BANK BORROWINGS

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Bank loan - secured	3,713	1,340	–	–
Trust receipts and bills payable to banks	16,040	8,654	4,641	–
	19,753	9,994	4,641	–

The group's short-term bank borrowings are secured by the following:

i) negative pledge over all assets of a subsidiary; and

ii) corporate guarantee of up to RM62.20 million ($21.02 million) [2017 : RM62.20 million ($19.98 million)], US$5.0 million ($6.82 million) [2017 : US$5.0 million ($6.90 million)] and $4.0 million (2017 : $7.0 million) by the company (Note 32).

The short-term bank borrowings bear fixed interest rates ranging from 2.47% to 3.73% (2017 : 1.50% to 3.53%) and 2.47% (2017 : Nil%) for the group and company respectively per annum and are due within 12 months.

18 SHORT-TERM BANK BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 July 2017	Financing cash flow	Fair value adjustments (Notes 9 and 26)	Foreign exchange movement	30 June 2018
	$'000	$'000	$'000	$'000	$'000
Short-term bank borrowings (Note 18)	9,994	9,291	–	468	19,753
Finance leases (Note 21)	136	(138)	–	2	–
Derivative financial instrument (Note 9)	72	–	(72)	–	–
	10,202	9,153	(72)	470	19,753

19 TRADE PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Outside parties	28,542	23,322	12,464	8,250
Related parties (Note 5)	185	182	1	–
Subsidiaries (Note 11)	–	–	3,887	1,665
	28,727	23,504	16,352	9,915

The average credit period on purchases of goods is 90 days (2017 : 90 days).

20 OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Accruals [1]	5,650	6,021	1,616	1,900
Provision for directors' fees	196	311	62	70
Deposit from customers	1,886	1,178	6	2
Related party (Note 5)	3	56	–	–
Sundry payables	1,004	590	390	185
Subsidiary (Note 11)	–	–	390	400
Total	8,739	8,156	2,464	2,557
Less: Non-current other payables	(88)	(69)	–	–
Current other payables	8,651	8,087	2,464	2,557

(1) Accruals mainly relate to accruals for staff costs.

21 OBLIGATION UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	–	49	–	42
In the second to fifth year inclusive	–	102	–	94
	–	151	–	136
Less: Future finance charges	–	(15)	–	N/A
Present value of leases	–	136	–	136
Less: Amount due for settlement within 12 months (shown under current liabilities)			–	(49)
Amount due for settlement after 12 months			–	87

The group entered into finance leasing arrangements for certain of its motor vehicles, office equipment, plant and machinery.

The rates of interest for the finance leases were Nil% (2017 : 3.50% to 13.21%) for the group per annum.

22 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	$'000
Issued and paid up capital:		
At 1 July 2016, 30 June 2017 and 30 June 2018	438,242,791	56,288

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend.

23 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	$'000
At 1 July 2016, 30 June 2017 and 30 June 2018	2,727,000	950

24 RESERVES

Other reserves

Other reserves include share of post-acquisition reserve of associates and reserves arising from the acquisition of additional interests in subsidiaries.

In accordance with the relevant laws and regulations in People's Republic of China, the associate of the group is required to appropriate a minimum of 10% of the net profit after taxation after deducting losses carried forward reported in the statutory accounts to the statutory reserve until the balance of such reserve reached 50% of its registered share capital.

The amount to be set aside is determined by the Board of Directors annually in accordance with the relevant regulations. This reserve cannot be used for purposes other than those for which it is created and is not distributed as cash dividends but it can be used to offset losses or be capitalised as capital.

25 REVENUE

	Group	
	2018 $'000	2017 $'000
Sales of goods	298,748	252,631
Rendering of services	25,794	27,022
	324,542	279,653

26 OTHER OPERATING INCOME

	Group	
	2018	2017
	$'000	$'000
Bad debts recovered	–	40
Gain on disposal of property, plant and equipment	54	732
Gain on foreign currency exchange	–	322
Interest income from deposits	57	48
Rental of investment property (Note 14)	186	136
Scrap sales	732	824
Fair value adjustment on derivative financial instruments taken to profit or loss	369	54
Government grants	408	415
Others	282	201
	2,088	2,772

27 FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest expense	552	599

28 INCOME TAX EXPENSE

	Group	
	2018	2017
	$'000	$'000
Income tax		
Current	2,051	3,016
Under (Over) provision in prior years	172	(94)
	2,223	2,922
Deferred income tax		
Current	333	320
Under (Over) provision in prior years	93	(122)
	426	198
Withholding tax	2	33
Total income tax expense	2,651	3,153

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

28 INCOME TAX EXPENSE (cont'd)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2018	2017
	$'000	$'000
Profit before income tax	18,223	21,495
Income tax expense at domestic rate of 17% (2017 : 17%)	3,098	3,654
(Tax exempt) Non-deductible items	(276)	37
Deferred tax benefits not recognised	–	(32)
Under (Over) provision of taxation in prior years	265	(216)
Tax rebates	(154)	(136)
Effect of different tax rates of subsidiaries operating in other jurisdictions	98	39
Utilisation of deferred tax benefits previously not recognised	(79)	(42)
Withholding tax	2	33
Productivity and Innovation Credit enhanced deduction	(180)	(287)
Others	(123)	103
	2,651	3,153

The subsidiaries have tax loss carry forwards and temporary differences from capital allowance available for offsetting against future taxable income as follows:

	Group	
	2018	2017
	$'000	$'000
Unutilised capital allowance		
Balance at beginning of year	2,928	2,928
Adjustment	61	–
Balance at end of year	2,989	2,928
Tax loss carry forwards		
Balance at beginning of year	3,404	3,222
Adjustment	(3)	137
Arising during the year	20	45
Balance at end of year	3,421	3,404
Total	6,410	6,332
Deferred tax benefits on above:		
Unrecorded	1,090	1,076

28 INCOME TAX EXPENSE (cont'd)

Deferred tax benefit varies from the Singapore statutory rate as they include deferred tax on overseas operations.

Certain deferred tax benefits have not been recognised as it is not probable that the relevant subsidiaries will have taxable profits in the foreseeable future to utilise the tax loss carryforwards and temporary differences from capital allowances.

The realisation of the future income tax benefit from the remaining tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to conditions imposed by law including the retention of majority shareholders as defined.

29 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2018	**2017**
	$'000	**$'000**
Directors' remuneration:		
of the company	1,111	1,344
of the subsidiaries	2,357	2,444
Total directors' remuneration	3,468	3,788
Directors' fee	399	419
Audit fees:		
Auditors of the company	246	223
Other auditors	33	33
Non-audit fees:		
Paid to auditors of the company	60	65
Other auditors	11	15
Cost of inventories recognised as expense	251,795	202,791
Foreign currency exchange adjustment loss (gain)	1,114	(322)
Property, plant and equipment written off	33	36
Inventories written off	233	250
Allowance for inventories obsolescence	76	76
Reversal of provision for onerous contracts	–	(42)
Bad debts recovered	–	(40)
Allowance for doubtful receivables	745	1,343
Amortisation of leasehold prepayments	6	4
Depreciation expense	5,071	4,801
Amortisation expense	232	232
Gain on disposal of property, plant and equipment	(54)	(732)
Employee benefits expense (including directors' remuneration)	44,911	42,757
Cost of defined contribution plans included in employee benefits expense	3,031	2,986

30 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

Earnings

	Group	
	2018	2017
	$'000	$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	15,456	18,177

Number of shares

	Group	
	2018	2017
Number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	435,515,791	435,515,791

31 DIVIDENDS

During the financial year ended 30 June 2018, the company declared and paid dividends totalling $10.235 million. Details were as follows:

(a) Final tax-exempt dividend of 1.60 cent per ordinary share in respect of the financial year ended 30 June 2017 totalling $6.968 million;

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2018 totaling $3.267 million.

During the financial year ended 30 June 2017, the company declared and paid dividends totalling $10.235 million. Details were as follows:

(a) Final tax-exempt dividend of 1.60 cent per ordinary share in respect of the financial year ended 30 June 2016 totalling $6.968 million;

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2017 totaling $3.267 million.

Subsequent to 30 June 2018, the directors of the company recommended that a final tax-exempt dividend be paid at 1.50 cent per ordinary share totalling $6.533 million for the financial year ended 30 June 2018. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

32 CONTINGENT LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Corporate guarantee in relation to credit facilities granted to subsidiaries (Note 18)	–	–	58,973	58,089

33 COMMITMENTS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	65,971	47,034	65,971	47,034

34 OPERATING LEASE COMMITMENTS

The group as lessee

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,000	2,027	392	392

At the end of the reporting period, the group and company has outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	1,302	1,432	373	380
In the second to fifth year inclusive	3,401	3,518	1,462	1,497
After five years	7,683	7,989	3,250	3,751
	12,386	12,939	5,085	5,628

Operating lease payments represent rentals payable for certain of its factory and office premises and equipment. Leases are negotiated for an average term of 40 years and rentals are fixed for an average of 2 years.

34 OPERATING LEASE COMMITMENTS (cont'd)

The lease of land is subject to annual adjustment to market rate with any increase capped at a percentage of the immediate preceding year's rental.

Certain leases have varying terms and are subject to revisions to reflect current market rental and value. The operating lease commitments estimated above were in respect of these leases determined assuming the same rental expense fixed as at end of the reporting period till the end of the lease.

The group as lessor

The group rents out its investment property under operating leases. Rental income earned during the year was $186,000 (2017 : $136,000).

At the end of the reporting period, the outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Future minimum lease receivables:		
Within one year	182	58
In the second to fifth year inclusive	76	–
	258	58

35 SEGMENT INFORMATION

The group has the following five strategic units, which are its reportable segments. These units offer different products and services, and are managed separately because they sell different products or services and have their own marketing strategies. The group's CEO (the chief operating decision maker) reviews internal management reports of each unit at least quarterly. The following summary describes the operations in each of the group's reportable segments:

- *Cable & Wire.* Includes cable and wire manufacturing and dealing in such products.
- *Switchboard.* Includes manufacturing and dealing in electrical switchboards, feeders pillars and components.
- *Electrical Material Distribution.* Includes distribution of electrical products.
- *Test & Inspection.* Includes laboratories for tests, experiments and researches and provision of quality consultancy services.
- *Others.* Investment holding.

Accordingly, the above are the group's reportable segments under FRS 108. No operating segments have been aggregated to form the above reportable operating segments. Information regarding the group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the group's chief operating decision maker on a similar basis.

35 SEGMENT INFORMATION (cont'd)

	Cable & Wire	Switch-board	Electrical Material Distribution	Test & Inspection	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue and results							
2018							
REVENUE							
External sales	210,640	5,150	82,958	25,794	–	–	324,542
Inter-segment sales	1,076	–	358	1	–	(1,435)	–
Total revenue	211,716	5,150	83,316	25,795	–	(1,435)	324,542
RESULT							
Segment result	10,868	257	2,858	1,093	(26)	–	15,050
Interest expense	(501)	–	(2)	(49)	–	–	(552)
Interest income	54	–	1	2	–	–	57
Share of profit of associates	–	–	3,629	39	–	–	3,668
Income tax expense							(2,651)
Non-controlling interests							(116)
Profit attributable to shareholders of the company							15,456
2017							
REVENUE							
External sales	174,910	5,179	72,542	27,022	–	–	279,653
Inter-segment sales	1,377	–	493	–	–	(1,870)	–
Total revenue	176,287	5,179	73,035	27,022	–	(1,870)	279,653
RESULT							
Segment result	16,264	350	2,936	2,192	(38)	–	21,704
Interest expense	(546)	–	(4)	(49)	–	–	(599)
Interest income	38	–	1	9	–	–	48
Share of profit of an associate	–	–	342	–	–	–	342
Income tax expense							(3,153)
Non-controlling interests							(165)
Profit attributable to shareholders of the company							18,177

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $1,435,000 (2017 : $1,870,000) during the year.

35 SEGMENT INFORMATION (cont'd)

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of income tax expense and non-controlling interests. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

SEGMENT ASSETS

	Cable & Wire	Switch-board	Electrical Material Distribution	Test & Inspection	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets						
2018						
Segment assets	155,672	3,116	40,923	27,368	166	227,245
Interest in associates	–	–	6,583	927	–	7,510
Unallocated segment assets	632	–	–	55	–	687
Consolidated total assets						235,442
2017						
Segment assets	138,794	2,664	40,604	26,278	168	208,508
Interest in an associate	–	–	5,561	–	–	5,561
Unallocated segment assets	179	–	–	64	–	243
Consolidated total assets						214,312

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than the deferred tax assets.

	Cable & Wire	Switch-board	Electrical Material Distribution	Test & Inspection	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Other segment information						
2018						
Additions to non-current assets	1,718	–	219	1,938	–	3,875
Depreciation and amortisation	2,176	21	978	2,128	–	5,303
Non-cash expenses (income) other than depreciation and amortisation	1,349	76	350	(4)	4	1,775

35 SEGMENT INFORMATION (cont'd)

	Cable & Wire $'000	Switch-board $'000	Electrical Material Distribution $'000	Test & Inspection $'000	Others $'000	Total $'000
Other segment information (cont'd)						
2017						
Additions to non-current assets	6,176	–	459	2,387	–	9,022
Depreciation and amortisation	2,019	44	1,048	1,922	–	5,033
Non-cash expenses (income) other than depreciation and amortisation	602	76	417	(575)	(4)	516

Geographical information

The group operates in five (2017 : five) principal geographical areas - Singapore, Malaysia, Vietnam, Brunei and Indonesia (2017 : Singapore, Malaysia, Vietnam, Brunei and Indonesia).

The group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates and deferred tax assets) by geographical location are detailed below:

	Revenue $'000	Non-current Assets $'000
2018		
Singapore	251,390	26,485
Malaysia	37,156	8,796
Vietnam	20,564	2,191
Brunei	5,858	–
Indonesia	5,439	1,095
Others	4,135	–
	324,542	38,567
2017		
Singapore	204,223	26,829
Malaysia	35,413	9,304
Vietnam	24,067	2,393
Brunei	5,566	–
Indonesia	5,411	1,196
Others	4,973	–
	279,653	39,722

36 SUBSEQUENT EVENT

Subsequent to the year ended 30 June 2018, the company entered into a Sale and Purchase Agreement to purchase the property at 9 Gul Lane, Singapore 629408 for $7.0 million.

Completion of the acquisition is subject to the receipt of requisite approvals from Jurong Town Corporation ("JTC").

ANALYSIS OF SHAREHOLDINGS

As at 21 September 2018

ISSUED AND FULLY PAID-UP CAPITAL (INCLUDING TREASURY SHARES)	:	$55,338,264
ISSUED AND FULLY PAID-UP CAPITAL (EXCLUDING TREASURY SHARES)	:	$56,288,461
NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	435,515,791
NUMBER/PERCENTAGE OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	2,727,000 (0.63%)
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 21 SEPTEMBER 2018

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	57	1.58	1,644	0.00
100 - 1,000	280	7.78	195,492	0.04
1,001 - 10,000	1,360	37.79	8,910,762	2.05
10,001 - 1,000,000	1,863	51.77	114,020,030	26.18
1,000,001 and above	39	1.08	312,387,863	71.73
Total:	3,599	100.00	435,515,791	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 21 SEPTEMBER 2018

No.	Name of shareholders	No. of Shares	%
1	LIM BOON HOCK BERNARD	57,384,527	13.18
2	LIM BOON CHIN BENJAMIN (LIN WENJIN BENJAMIN)	38,843,072	8.92
3	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	35,782,797	8.22
4	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	22,941,627	5.27
5	LIM CHAI LAI	16,392,909	3.76
6	LIM LIAN HIONG	14,199,132	3.26
7	LIM PHEK CHOO CONSTANCE	11,767,142	2.70
8	LIM HIANG LAN	11,469,490	2.63
9	LIM LIAN ENG	8,876,048	2.04
10	CHAN KUM LIN CAROLYN	8,586,733	1.97
11	CHEN LAWRENCE LI	7,090,001	1.63
12	GERALDINE CHENG HUA YONG	6,668,468	1.53
13	AU AH YIAN	6,237,560	1.43
14	CHIA AH HENG	6,161,607	1.42
15	DBS NOMINEES PTE LTD	6,046,288	1.39
16	YEN TSUNG HUA	5,122,140	1.18
17	CITIBANK NOMINEES SINGAPORE PTE LTD	4,576,900	1.05
18	PHILLIP SECURITIES PTE LTD	4,196,642	0.96
19	GERALD CHENG KAI YONG (ZHONG KAIYANG)	3,451,816	0.79
20	KHALID S/O FAIZ MOHAMED	3,314,301	0.76
		279,109,200	64.09

FREE FLOAT OF EQUITY SECURITIES

On the basis in information avaiable to the Company approximately 41.66% of the equity securities of the company excluding preference shares and converttible securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 21 SEPTEMBER 2018 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares	
Name	**Shareholdings registered in the name of Substantial Shareholders**	**Shareholdings in which Substantial Shareholders are deemed to have an interest**
Mr. Lim Boon Hock Bernard (1)	57,384,527	1,967,792
Mdm. Pang Yoke Chun (2)	1,967,792	57,384,527
Mr. Lim Chye Huat @ Bobby Lim Chye Huat	35,782,797	NIL
Mr. Lim Boon Chin Benjamin	38,843,072	NIL
Mr. Lim Chai Lai @ Louis Lim Chai Lai (3)	16,392,909	8,586,733
Mdm. Chan Kum Lin (4)	8,586,733	16,392,909
Mr. Lim Boon Hoh Benedict	22,941,627	NIL

Notes:-

(1) Mr. Lim Boon Hock Bernard is deemed to have an interest in the 1,967,792 shares held by his wife, Mdm. Pang Yoke Chun.

(2) Mdm. Pang Yoke Chun is deemed to have an interest in the 57,384,527 shares held by her husband, Mr. Lim Boon Hock Bernard.

(3) Mr. Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 8,586,733 shares held by his wife, Mdm. Chan Kum Lin.

(4) Mdm. Chan Kum Lin is deemed to have an interest in the 16,392,909 shares held by her husband, Mr. Lim Chai Lai @ Louis Lim Chai Lai.

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tai Sin Electric Limited will be held at Raffles Marina, Theatrette, Level 2, 10 Tuas West Dr, Singapore 638404 on Wednesday, 31 October 2018 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 30 June 2018 together with the Auditors' Report thereon.

2. To declare a final one-tier tax exempt dividend of $0.015 per ordinary share for the year ended 30 June 2018.

3. To approve the payment of up to $262,000 as Directors' fees for the year ending 30 June 2019. (2018 : $264,667)

4. To reelect the following Directors retiring pursuant to the Constitution of the Company:-

   (a) Mr. Lim Chye Huat @ Bobby Lim Chye Huat; and

   (b) Mr. Renny Yeo Ah Kiang.

5. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

6. **Authority to issue new shares and/or convertible instruments**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to issue shares in the capital of the Company whether by way of rights, bonus or otherwise ("shares") and/or make or grant offers, agreements or options that might or would require shares to be issued ("Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time, to such persons, upon such terms and conditions and for such purposes, as the Directors may in their absolute discretion deem fit, provided that:-

   (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company;

   (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed, after adjusting for:-

      (a) new shares arising from the conversion or exercise of any convertible securities or employee share options that are outstanding when this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of shares; and

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall 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 is required by law to be held, whichever is the earlier."

7. **Authority to issue new shares pursuant to Scrip Dividend Scheme**

"That the Directors of the Company be and are hereby authorised for the purposes of, in connection with or where contemplated by the Tai Sin Electric Limited Scrip Dividend Scheme to:-

(i) allot and issue from time to time shares in the capital of the Company ("Shares") and/or make or grant offers, agreements or options that might or would require Shares in the capital of the Company to be issued during the continuance of this authority or thereafter, at any time and upon such terms and conditions and to or with such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

(ii) issue Shares in the capital of the Company in pursuance of any offer, agreement, or option made or granted by the Directors of the Company while such authority was in force (notwithstanding that such issues of such Shares pursuant to the offer, agreement or option may occur after the expiration of the authority contained in this Resolution)."

8. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 16 October 2018

Explanatory Notes:

(1) The ordinary resolution proposed in item 3 above, is to facilitate payment of Directors' fees to Non-executive Directors on a continuing "asearned" current year basis, for the financial year ending 30 June 2019 ("FY 2019").

If shareholders' approval is obtained for this proposal, payment of Directors' fees to the Non-executive Directors will be pro-rated or apportioned accordingly and made on or after the last day of each quarter in FY 2019 in respect of the period then ended. If, for unforeseen reasons, payments are required to be made to Directors in excess of the amount proposed in item 3, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

(2) Mr. Lim Chye Huat @ Bobby Lim Chye Huat who retires by rotation under Article 91 of the Constitution, is considered by the Board of Directors as a non-independent director, and if re-elected under item 4(a) above, will remain as a member of the Audit and Risk Committee Member, the Nominating Committee and the Remuneration Committee.

(3) Mr. Renny Yeo Ah Kiang who was appointed as an additional director and retires under Article 97 of the Constitution, is considered by the Board of Directors as an independent director.

(4) Mr. Tay Joo Soon who retires by rotation under Article 91 of the Constitution has decided not to offer himself for re-election. He will accordingly cease to be a director of the Company at the conclusion of the Annual General Meeting.

(5) The ordinary resolution proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue new shares or instruments convertible into shares in the Company subject to the limits imposed by the Resolution, for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(6) The ordinary resolution proposed in item 7 above, if passed, will authorise the Directors of the Company to issue shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme principally to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Notes:

(i) A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting, in his place. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. “Relevant Intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

(ii) A proxy need not be a member of the Company.

(iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24 Gul Crescent, Singapore 629531 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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.

TAI SIN ELECTRIC LIMITED

(Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

PROXY FORM

IMPORTANT

1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Tai Sin Electric Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy/proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 October 2018.

I/We ______________________________________ (Name)

of ______________________________________ (Address)

being a member/members of Tai Sin Electric Limited hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of shareholdings represented

and / or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 31 October 2018 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated with an "X" hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees for year ending 30 June 2019		
4.	(a) Re-election of Mr. Lim Chye Huat @ Bobby Lim Chye Huat as a Director		
	(b) Re-election of Mr. Renny Yeo Ah Kiang as a Director		
5.	Re-appointment of Auditors and fixing their remuneration		
6.	As special business - approving the Mandate for the Directors to issue new shares and/or convertible instruments		
7.	As special business - authorising the Directors to issue new shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme		

Dated this _______ day of ____________ 2018.

Total Number of Shares Held

IMPORTANT:
PLEASE READ NOTES OVERLEAF

____

Signature(s) of Member(s)/Common Seal

Notes:

1. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting, on his behalf. Where such a member appoints two proxies, he shall specify in the form of proxy, the proportion of his shares to be represented by each proxy and if no proportion is specified, the first named proxy shall be deemed to represent all of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where a Relevant Intermediary appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified together with the information required in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 24 Gul Crescent, Singapore 629531 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed 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) to attend, speak and vote at the Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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.

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CORPORATE HEADQUARTERS

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