

Global Brands Our Strength



BENDIX • KYOSAN • IWIS • PIERBURG • GEMO • DAIDO • ULO • MATSUBA • BALO • SWAG • ATE • AISAN • VDO • FBL • BERU •

Distribution Excellence



TYE SOON LIMITED

Hong Kong/
China

South Korea

Thailand

Singapore

Malaysia

Indonesia

Australia

Established in 1933, the Group is the **most prominent independent automotive parts distributor in Southeast Asia.**

Partnering its principals mostly from Europe, Japan and Korea, the Group has one of the largest portfolio of top-tier global brands of automotive parts. The Group's main markets in Asia Pacific are currently served by operations in Singapore, Malaysia, Thailand, Indonesia, Hong Kong/China, South Korea and Australia.



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Corporate Information

Board Of Directors

Ong Hock Siang @
Ong Huat Seong (Chairman)
Ong Huat Kee
Ong Huat Yew Peter
Ong Huat Choo
David Chong Tek Yew
Ong Lay May Apple
Ong Eng Chian Kelvin
Ong Eng Waey Abel
Hee Theng Fong
Lim Lee Meng
Tham Khuan Heng
Ong Eng Mien Malcolm
(Appointed on 28 May 2015)

Enterprise Risk Management Committee

Ong Huat Yew Peter (Chairman)
Ong Hock Siang @
Ong Huat Seong
David Chong Tek Yew
Ong Eng Chian Kelvin
Ong Huat Kee
Ong Huat Choo
Ong Lay May Apple

Audit Committee

Tham Khuan Heng (Chairperson)
Hee Theng Fong
Lim Lee Meng

Nominating Committee

Hee Theng Fong (Chairman)
Lim Lee Meng
Tham Khuan Heng
Ong Hock Siang @
Ong Huat Seong
Ong Huat Kee

Remuneration Committee

Lim Lee Meng (Chairman)
Hee Theng Fong
Tham Khuan Heng

Company Secretary

Evelyn Wee Kim Lin

Registered Office

3C Toh Guan Road East #01-03
Singapore 608832
Tel: 6567 8601
Fax: 6567 8884

Registrar And Share Transfer Office

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 6227 6660

Auditors

KPMG LLP
Public Accountants
and Chartered Accountants
Singapore
Partner-in-Charge appointed since
the financial year ended
31 December 2014
– Tan Yek Lee Doreen

Main Bankers

DBS Bank
KBC Bank N.V.
Maybank
United Overseas Bank

Corporate Group

Subsidiaries

Imparts Holdings Pte Ltd
Filsound Enterprise Pte Ltd
TS Motorsport Pte. Ltd.
TSC Compart Pte. Ltd.
Everts Pte. Ltd.
Joining Enterprise Pte. Ltd.
Tokyo Motor Pte. Ltd.
Imparts Automotive Pty Ltd
Imparts Distribution Pty Ltd
Automotive Partners Asia Pty Ltd
Naga Jaya Automotive Sdn Bhd
Edaran PAL Sdn Bhd

PAL Everts Co., Ltd.

TSC Enterprise (HK) Limited
TSC Trading (Shenzhen) Company Limited
Sejong Parts Plus Limited Liability Company
PT Palindo Makmur

Associated Corporation

Lintrex (Australia) Pty Ltd

5-Year Financial Summary

Results \$'000	2011	2012	2013	2014	2015
Revenue	160,901	171,000	193,637	201,052	201,414
Profit before tax	5,580	16,922	7,581	4,011	1,102
Tax expense	(1,080)	(609)	(1,432)	(1,345)	(571)
Profit for the year	4,500	16,313	6,149	2,666	531
Non-controlling interests	(42)	(22)	(43)	(45)	(73)
Attributable profit	4,458	16,291	6,106	2,621	458
Earnings per share (cents)*	5.11	18.67	7.00	3.00	0.53
Financial Position \$'000	2011	2012	2013	2014	2015
Property, plant and equipment	5,075	4,926	4,966	5,141	2,485
Goodwill on consolidation	132	127	113	109	104
Investment properties	1,992	1,501	-	-	-
Other non-current tangible assets	2,117	2,465	2,444	2,392	2,451
Current assets	126,458	122,962	140,712	142,124	155,075
Total assets	135,774	131,981	148,235	149,766	160,115
Equity attributable to owners of the Company					
Share capital	38,057	38,057	38,057	38,057	38,057
Reserves	16,632	18,681	21,063	19,728	15,512
Share capital and reserves	54,689	56,738	59,120	57,785	53,569
Non-controlling interests	35	60	100	146	203
Total equity	54,724	56,798	59,220	57,931	53,772
Current liabilities	79,332	72,682	87,696	90,596	104,842
Non-current liabilities	1,718	2,501	1,319	1,239	1,501
Total liabilities	81,050	75,183	89,015	91,835	106,343
Total equity and liabilities	135,774	131,981	148,235	149,766	160,115
Net tangible assets per share (cents)*	62.70	65.00	67.70	66.20	61.40

*Adjusted for share consolidation



***The most prominent
independent automotive
parts distributor in
Southeast Asia***



***Focusing mainly
on maintenance
and replacement
automotive parts
for the region's
vehicles***

Chairman's Statement



The Group's Performance

The Group managed to retain some stability and maintained its level of business in a challenging year, registering a slight increase in turnover of \$0.4 million to \$201.4 million. Total margins decreased by \$1.1 million as the increase in margins from the slightly higher turnover was offset by a decline in the gross margin rate. Overall operating expenses decreased by \$1.2 million during the year.

Group profitability, however, was affected by the substantial decrease in other income by \$2.4 million. As announced previously, the Group had entered into a sale and leaseback arrangement for the property in Jurong East in Singapore in FY12. The leaseback period ended on 30 January 2015. The sale and leaseback transaction involved a deferred income of \$4.5 million to be amortised over a three-year leaseback period. The amortisation at the rate of \$1.5 million per year ended on 30 January 2015. The amount of deferred income recognised in FY15 was therefore \$1.4 million less than in FY14. As the Group also decided not to remain as the master lessee for the premises at the time of the expiry of the original leaseback period, the Group's rental income from sub-lessees ceased. In comparison with FY14, rental income decreased by \$1.1 million in FY15.

As a result, profit from operations (PBIT) decreased from \$5.7 million to \$3.3 million, and profit before tax decreased from \$4.0 million to \$1.1 million.

Details relating to the performance of the business are set out in the Business Review section of this Annual Report.

Current Year Prospects

The broader economic outlook does not appear helpful as the IMF has recently announced yet another downgrade



to global growth. Despite this backdrop, the Group is confident that its business will remain resilient as the wide overseas distribution network built over the years provides a robust platform from which to build itself from the current level. The Group's operational performance in the current year will largely ride on the continuing performance in Malaysia and South Korea, as well as depend on the recoveries in Singapore and Australia.

A substantial level of resources has been committed to build and operate the distribution network. The Group is conscious of the need to balance its profitability objectives against continuing development, which invariably involves start-up costs to some extent. The Group will review its cost base and various aspects of its business to achieve a higher level of operational efficiency, trimming and containing costs wherever feasible.

It was first announced on 17 March 2015 that the Group had entered into a put and call option agreement to sell its properties at Waterloo Centre in Singapore. The call option was exercised by the purchaser on 30 September 2015 and completion took place on 1 March 2016. The gain from this sale amounted to \$7.9 million. Based on this gain as well as the expected improvement in operational profit, the Group's profitability is expected to improve.

The Way Forward

The Group remains focused in pursuing its strategic business direction in expanding its geographical footprint in Asia. Partnering principals mostly from Europe, Japan and Korea, a key element of the Group's strategy would be to make available one of the largest portfolio of top-tier global brands of automotive parts to customers located throughout Asia.

Sale of Properties

As mentioned above, the sale of the properties at Waterloo Centre was successfully completed on 1 March 2016 yielding a gain of \$7.9 million. The said properties were the last owned by the Group, whether as properties on which the Group's business operated or fixed asset investments. The Group will now continue to operate on a fixed asset-light path.

New Board Appointment

I am pleased to again welcome Malcolm Ong to the Board of Directors. He joined us on 28 May 2015 as a non-executive and non-independent director.

Dividend

The Board of Directors announced a final ordinary dividend amounting to \$0.751 million on 19 February 2016. Together with the interim ordinary dividend of \$0.751 million paid out earlier in the year, total dividends for the year ended 31 December 2015 amounted to \$1.502 million.

Ong Hock Siang

Chairman

3 March 2016



Business Review

The Group managed to retain some stability and maintained its level of business in a challenging year, registering a slight increase in turnover of \$0.4m to \$201.4 million.

FY15 was a challenging year for the export-based business in Singapore as turnover nudged down 3.4%. Exports to many markets were subdued as weak business sentiment prevailed in many of the Group's export markets. Sales to Malaysia, a major export market for the Group, was affected by the implementation of the goods and services tax on 1 April 2015.

The Group continued to build its overseas operations in Malaysia, Thailand, Hong Kong/China, South Korea and Australia. Turnover generated from overseas operations as a proportion of the Group's total exceeded half for the first time in FY14. This momentum followed through into FY15 with turnover reaching \$105.3 million or 52.3% of the Group total. This level represented a growth of 3.6% in SGD terms over the previous year but this growth would have been 10.9% had exchange rates between the relevant currencies and the SGD remained the same. Volatility on currency pairs relevant to the Group was especially strong in FY15. The MYR and AUD, for instance, depreciated by 12.9% and 4.6% respectively during the year against the SGD.

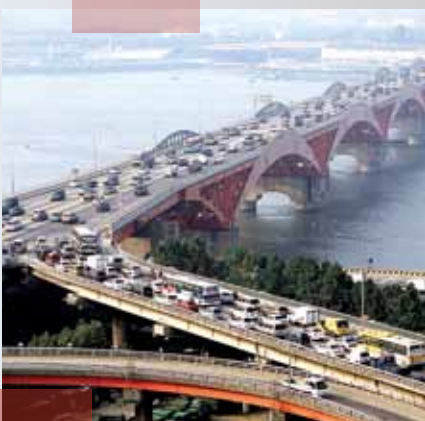
Of the Group's larger overseas operations, Malaysia and South Korea continued to grow well during the year but Australia's growth trend was interrupted. Aside from Australia, turnover from the Group's overseas operations increased by 19.9% in SGD terms with good growth levels generated in South Korea and Malaysia. This growth would have been 25.0% had exchange rates between the relevant currencies and the SGD remained the same.

The growth trend sustained over the past 15 years since the establishment of the business in Australia was interrupted and experienced a decline in turnover in FY15, adversely affected by a number of issues relating to a change in logistical flow of goods within Australia as well as a change in the IT platform for the Group's subsidiaries in Australia. The logistics issues mainly stemmed from the relocation of the distribution centre in New South Wales and the establishment of a new distribution centre in Queensland. The Group's legacy IT platform was replaced by a new ERP software in 1Q15 to support further business growth based on a multi-nodal distribution network. The close scheduling in the implementation of the various projects just mentioned led to unforeseen issues including the ability to meet incoming sales enquiries and orders, as well as the procurement process. Sales during the year was adversely affected as a result and the targeted growth in turnover did not materialise. Initiatives have been put in place to increase sales and the rate of turnover has since recovered to a large degree by the end of FY15.

Total margins decreased by \$1.1 million as the increase in margins from the slightly higher turnover was offset by a decline in the gross margin rate.



SYDNEY



SEOUL

Overall operating expenses decreased by \$1.2 million during the year. A significant reduction in operating lease expenses amounting to \$1.5 million lowered expenses but this was partially offset by increases in other costs, notably an increase of \$0.4 million in staff costs and an increase of \$0.3 million in office expenses.

Although higher operating lease expenses were incurred for the rental of additional warehousing space to support business growth across various parts of the Group's overseas operations, operating lease expenses in Singapore decreased substantially by \$1.9 million after the Group decided to retain a smaller area of space at the Group's premises in Jurong East in Singapore upon the expiry of the leaseback period on 30 January 2015.

Staff costs have historically been the most prominent cost component for the Group's operating expenses. The increase of \$0.4 million reported for the year was a lower magnitude in comparison with the increases in recent reporting periods as the stronger SGD against the AUD and MYR meant that the increases in staff costs in Australia and Malaysia were negated. The increase in office expenses came mainly from the fitting out of new premises and the incurrence of higher IT maintenance costs.

Included in operating expenses was an amount of \$0.2 million as a result of the Group's remeasurement of an interest in an associated company to an available-for-sale financial asset.

Other income decreased substantially by \$2.4 million. As announced previously, the Group had entered into a sale and leaseback arrangement for the property in Jurong East in Singapore in FY12. The leaseback period ended earlier this year on 30 January 2015. The sale and leaseback transaction involved a deferred income of \$4.5 million to be amortised over a three-year leaseback period. The amortisation at the rate of \$1.5 million per year ended on 30 January 2015. The amount of deferred income recognised in FY15 was therefore \$1.4 million less than in FY14. As the Group decided not to remain as the master lessee for the premises, the Group's rental income from sub-lessees ceased. In comparison with FY14, rental income decreased by \$1.1 million in FY15.

Depreciation increased by \$0.1 million to \$0.7 million.

Profit from operations (PBIT) decreased from \$5.7 million to \$3.3 million. As finance costs increased by \$0.4 million, profit before tax decreased from \$4.0 million to \$1.1 million. Profit after tax decreased from \$2.7 million to \$0.5 million.



JAKARTA



KUALA LUMPUR



BANGKOK

Board of Directors



ONG HOCK SIANG
Chairman



ONG HUAT KEE
Deputy Chairman



ONG HUAT YEW PETER
President



ONG HUAT CHOO



DAVID CHONG TEK YEW
Managing Director



ONG LAY MAY APPLE



ONG ENG CHIAN KELVIN
Deputy Managing Director



ONG ENG WAEY ABEL



ONG ENG MIEN MALCOLM



HEE THENG FONG



LIM LEE MENG



THAM KHUAN HENG



Group Management Team

Ong Hock Siang

Chairman

Mr Ong has been with the Group since 1966. Earlier in his career he was with the Inland Revenue and the Nanyang Siang Pau. He was the President of The Singapore Cycle and Motor Traders' Association for 14 years until 2000.

Ong Huat Yew Peter

President

Mr Ong has been with the Group since 1965. He was appointed Managing Director in 2002 and President in February 2014. Mr Ong was also elected to be President of The Singapore Cycle and Motor Traders' Association in February 2014. He was previously the Association's Vice President.

David Chong Tek Yew

Managing Director

Mr Chong has been with the Group since 1998. He joined as Group General Manager/Executive Director and was appointed Deputy Managing Director in 2002. He was appointed Managing Director in February 2014. Prior to his appointment in Tye Soon Limited, he was Assistant Director, Corporate Finance at the investment banking arm of Standard Chartered Bank in Singapore. Earlier in his career, he was Manager at a public accounting firm based in London, United Kingdom. Mr Chong graduated from the University of Toronto in Canada and qualified as a Chartered Accountant in the United Kingdom.

Ong Eng Chian Kelvin

Deputy Managing Director

Mr Ong has been with the Group since 1999. He started as Marketing Executive before progressing to become Marketing Manager. He was appointed Executive Director in 2006 and became Deputy Managing Director in February 2014. Mr Ong graduated from Imperial College, London, United Kingdom.

Larry Lai

Group Financial Controller

Mr Lai joined the Group in October 2007. Prior to this appointment, he held a senior finance position in an American MNC for three years. Earlier, Mr Lai was the Group's financial controller for seven years. Mr Lai graduated from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants.

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Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 18 to 78 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Ong Hock Siang @ Ong Huat Seong

Ong Huat Kee

Ong Huat Yew, Peter

Ong Huat Choo

David Chong Tek Yew

Ong Lay May, Apple

Ong Eng Chian, Kelvin

Ong Eng Waey, Abel

Hee Theng Fong

Lim Lee Meng

Tham Khuan Heng

Ong Eng Mien, Malcolm

(Appointed on 28 May 2015)

Directors' Statement

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Share consolidation*	Holdings at end of the year
The Company			
Tye Soon Limited			
Ordinary shares fully paid			
Ong Hock Siang @ Ong Huat Seong	6,851,213	(4,616,142)	2,235,071
Ong Huat Kee	5,504,301	(3,669,534)	1,834,767
Ong Huat Yew, Peter	8,240,301	(5,493,534)	2,746,767
Ong Huat Choo	8,052,301	(5,368,201)	2,684,100
David Chong Tek Yew	4,151,000	(2,767,334)	1,383,666
Ong Lay May, Apple	1,793,000	(1,193,000)	600,000
Ong Eng Chian, Kelvin	1,100,126	(733,418)	366,708
Ong Eng Waey, Abel	4,960,341	(3,306,894)	1,653,447
Ong Eng Mien, Malcolm	158,000	(105,334)	52,666
Immediate and Ultimate Holding Company			
OBG & Sons Pte Ltd			
Ordinary shares fully paid			
Ong Hock Siang @ Ong Huat Seong	14,552	—	14,552
Ong Huat Kee	14,552	—	14,552
Ong Huat Yew, Peter	19,169	—	19,169
Ong Huat Choo	19,169	—	19,169
Ong Lay May, Apple	4,617	—	4,617
Ong Eng Chian, Kelvin	1,385	—	1,385
Ong Eng Waey, Abel	19,169	—	19,169
Subsidiary			
TSC Enterprise (HK) Limited			
Ordinary shares fully paid			
David Chong Tek Yew	10,000	—	10,000

* On 9 September 2015, the Company completed a share consolidation of three existing issued ordinary shares into one ordinary share.

Directors' Statement

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in note 26 to the financial statements, since the end of the last financial year, no director has received, or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

- (i) no share options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of share option to take up unissued shares of the Company or its subsidiaries under option.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

Throughout the financial year, the Company has complied with the guidelines listed in the Code of Corporate Governance 2012 (the Code) with respect to Audit Committees, introduced by the Singapore Exchange Securities Trading Limited (SGX-ST). The Members of the Audit Committee during the year and at the date of this statement are as follows:

Tham Khuan Heng (Chairperson)	Independent director
Lim Lee Meng	Independent director
Hee Theng Fong	Independent director

The Audit Committee performed the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code.

In performing its functions, the Audit Committee also reviewed the overall scope of the external and internal audits and the assistance given by the Company's officers to the auditors. It met with the Company's external and internal auditors to discuss the scope of their work, results of their examinations and evaluation of the Company's internal accounting control system.

Directors' Statement

The consolidated financial statements of the Group and the financial statements of the Company were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption. The Audit Committee also reviewed interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to and co-operation by management for it to discharge its functions.

The external and internal auditors have unrestricted access to the Audit Committee. The Audit Committee has reviewed the level of audit and non-audit fees and is satisfied with the independence and objectivity of the external auditors.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ong Hock Siang @ Ong Huat Seong
Director

Ong Huat Yew, Peter
Director

3 March 2016

Independent Auditors’ Report

Members of the Company - Tye Soon Limited

Report on the financial statements

We have audited the accompanying financial statements of Tye Soon Limited (the “Company”) and its subsidiaries (“the Group”), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 18 to 78.

Management’s responsibility 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 Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards, 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.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

3 March 2016

Statements of Financial Position

As at 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
Assets					
Property, plant and equipment	4	2,485	5,141	421	3,458
Goodwill on consolidation		104	109	–	–
Subsidiaries	5	–	–	25,754	21,687
Associates	6	379	1,411	162	327
Available-for-sale financial asset	7	920	–	920	–
Deferred tax assets	8	1,152	981	16	–
Loan receivables	9	–	–	–	–
Non-current assets		5,040	7,642	27,273	25,472
Current tax assets		277	32	–	7
Inventories	10	108,052	94,030	37,079	33,690
Trade and other receivables	11	33,739	31,729	48,845	49,651
Cash and cash equivalents		10,005	16,333	2,898	5,690
Assets held for sale	14	3,002	–	3,002	–
Current assets		155,075	142,124	91,824	89,038
Total assets		160,115	149,766	119,097	114,510
Equity					
Share capital	15	38,057	38,057	38,057	38,057
Reserves	16	15,512	19,728	3,148	4,259
Equity attributable to owners of the Company		53,569	57,785	41,205	42,316
Non-controlling interests		203	146	–	–
Total equity		53,772	57,931	41,205	42,316
Liabilities					
Loans and borrowings	17	53	33	–	–
Employee benefits	18	1,410	1,159	–	–
Deferred tax liabilities	8	38	47	–	17
Non-current liabilities		1,501	1,239	–	17
Loans and borrowings	17	80,611	71,204	68,666	62,996
Trade and other payables	20	24,083	19,073	9,226	9,064
Deferred income	19	–	117	–	117
Current tax liabilities		148	202	–	–
Current liabilities		104,842	90,596	77,892	72,177
Total liabilities		106,343	91,835	77,892	72,194
Total equity and liabilities		160,115	149,766	119,097	114,510

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 December 2015

	Note	Group	
		2015 \$'000	2014 \$'000
Revenue	21	201,414	201,052
Other income		693	3,152
Changes in inventories of finished goods		14,023	1,907
Cost of purchases		(174,600)	(160,696)
Staff costs		(21,269)	(20,866)
Depreciation expenses		(678)	(631)
Other operating expenses		(16,309)	(18,172)
Finance costs	22	(2,166)	(1,721)
Share of losses of associates (net of tax)	6	(6)	(14)
Profit before tax		1,102	4,011
Tax expense	23	(571)	(1,345)
Profit for the year		<u>531</u>	<u>2,666</u>
Profit attributable to:			
Owners of the Company		458	2,621
Non-controlling interests		73	45
Profit for the year	24	<u>531</u>	<u>2,666</u>
	Note	Group	
		2015	2014 Restated
Earnings per share			
Basic and diluted earnings per share (cents)	25	<u>0.53</u>	<u>3.00</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Profit for the year		531	2,666
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associates		(3,290)	(950)
Foreign currency translation differences realised on loss of influence in an associate reclassified to profit or loss		102	—
Other comprehensive income for the year, net of tax		(3,188)	(950)
Total comprehensive income for the year		<u>(2,657)</u>	<u>1,716</u>
Total comprehensive income attributable to:			
Owners of the Company		(2,714)	1,670
Non-controlling interests		57	46
Total comprehensive income for the year		<u>(2,657)</u>	<u>1,716</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company						
	Share capital \$'000	Other capital reserves \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling Interests \$'000	Total equity \$'000
At 1 January 2014	38,057	3,501	(2,009)	19,571	59,120	100	59,220
Total comprehensive income for the year							
Profit for the year	-	-	-	2,621	2,621	45	2,666
Other comprehensive income							
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associates	-	-	(951)	-	(951)	1	(950)
Total other comprehensive income	-	-	(951)	-	(951)	1	(950)
Total comprehensive income for the year	-	-	(951)	2,621	1,670	46	1,716
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Final tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2013	-	-	-	(751)	(751)	-	(751)
Special tax exempt (one-tier) dividend of 0.574 cents per share paid in respect of the year ended 31 December 2013	-	-	-	(1,503)	(1,503)	-	(1,503)
Interim tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2014	-	-	-	(751)	(751)	-	(751)
Total contributions by and distributions to owners of the Company	-	-	-	(3,005)	(3,005)	-	(3,005)
At 31 December 2014	38,057	3,501	(2,960)	19,187	57,785	146	57,931

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (Cont'd)

Year ended 31 December 2015

	Attributable to owners of the Company					
	Share capital \$'000	Other capital reserves \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling Interests \$'000
At 1 January 2015	38,057	3,501	(2,960)	19,187	57,785	146
Total comprehensive income for the year						
Profit for the year	-	-	-	458	458	73
Other comprehensive income						
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	(3,274)	-	(3,274)	(16)
Foreign currency translation differences realised on loss of influence in an associate reclassified to profit or loss	-	-	102	-	102	-
Total other comprehensive income	-	-	(3,172)	-	(3,172)	(16)
Total comprehensive income for the year	-	-	(3,172)	458	(2,714)	57
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Final tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2014	-	-	-	(751)	(751)	-
Interim tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2015	-	-	-	(751)	(751)	-
Total contributions by and distributions to owners of the Company	-	-	-	(1,502)	(1,502)	-
At 31 December 2015	38,057	3,501	(6,132)	18,143	53,569	203

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit before tax		1,102	4,011
Adjustments for:			
Amortisation of deferred income	24	(117)	(1,500)
Depreciation of property, plant and equipment	4	678	631
Loss on remeasurement of interest in an associate to available-for-sale financial asset		197	–
(Gain)/Loss on sale of property, plant and equipment		(9)	3
Share of losses of associates (net of tax)	6	6	14
Finance income		(31)	(55)
Finance costs	22	2,166	1,721
		<u>3,992</u>	<u>4,825</u>
Changes in working capital			
Changes in inventories		(16,878)	(2,787)
Changes in trade and other receivables		(3,044)	4,202
Changes in trade and other payables		5,844	(2,253)
Changes in bills payable and trust receipts		735	1,052
Cash (used in)/from operating activities		<u>(9,351)</u>	<u>5,039</u>
Tax paid		(1,071)	(2,012)
Interest paid		<u>(843)</u>	<u>(797)</u>
Net cash (used in)/from operating activities		<u>(11,265)</u>	<u>2,230</u>
Cash flows from investing activities			
Interest received		31	55
Proceeds from sale of property, plant and equipment		11	3
Acquisition of property, plant and equipment		<u>(1,035)</u>	<u>(850)</u>
Net cash used in investing activities		<u>(993)</u>	<u>(792)</u>
Cash flows from financing activities			
Payment of finance lease liabilities		(57)	(41)
Proceeds from interest-bearing bank loans		9,186	6,633
Interest paid		(1,289)	(885)
Dividends paid		(1,502)	(1,502)
Special dividends paid		–	(1,503)
Net cash from financing activities		<u>6,338</u>	<u>2,702</u>
Net (decrease)/increase in cash and cash equivalents		<u>(5,920)</u>	<u>4,140</u>
Cash and cash equivalents at the beginning of the year		16,333	12,429
Effect of exchange rate changes on the balance of cash held in foreign currencies		<u>(408)</u>	<u>(236)</u>
Cash and cash equivalents at the end of the year		<u><u>10,005</u></u>	<u><u>16,333</u></u>

Non-cash transaction:

The Group acquired property, plant and equipment with an aggregate cost of \$1,109,000 (2014: \$850,000), of which \$74,000 (2014: \$nil) was acquired under finance leases.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 March 2016.

1 Domicile and activities

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

The immediate and ultimate holding company during the financial year is OBG & Sons Pte Ltd, a company incorporated in Singapore.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted associate.

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes to the Financial Statements

Year ended 31 December 2015

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgments (cont'd)

There are no critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Measurement of impairment loss on investment in subsidiaries
- Note 10 – Measurement of allowance for inventory obsolescence
- Note 12 – Measurement of impairment loss on trade receivables
- Note 13 – Measurement of impairment loss on amounts due from subsidiaries

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 28.

2.5 Changes in accounting policies

On 1 January 2015, the Group adopted the new or amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the retranslation of available-for-sale equity instrument which is recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial asset.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables (cont'd)

Loans and receivables comprise cash and cash equivalents, and trade and other receivables excluding derivative financial assets and prepayments.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial asset

Available-for-sale financial asset is a non-derivative financial asset that is designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial asset is recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, it is measured at fair value and changes therein, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial asset comprise of unquoted equity security.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in its fair value are recognised immediately in profit or loss when a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold properties	40 to 55 years (or lease term, if shorter)
Furniture, fittings and office equipment	4 to 10 years
Plant and machinery	5 to 8 years
Renovations	5 years (or lease term, if shorter)
Motor vehicles	5 to 10 years
Computers	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Goodwill

For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity security) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor will enter bankruptcy or adverse changes in the payment status of borrowers in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loan and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Available-for-sale financial asset

Impairment losses on available-for-sale financial asset are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. Subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non financial assets (cont'd)

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Long-term employee benefits

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.11 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

Rental income

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as 'other income'.

Deferred income

Deferred income from sales and leaseback transactions (see note 3.12) represents the excess of sales price over fair value of assets leased back. The deferred income is amortised over the lease period of 3 years.

3.12 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Profits on sale and leaseback transaction which constitute operating leases are recognised immediately in profit or loss when such sale and leaseback transactions are established at fair value. If the sale price is below fair value, any gain or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which asset is expected to be used.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive committee ("EXCO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the EXCO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities.

3.17 Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment, once classified as held for sale, are not depreciated.

Notes to the Financial Statements

Year ended 31 December 2015

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2017 and 1 January 2018 respectively.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (“IFRS”) for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

Notes to the Financial Statements

Year ended 31 December 2015

4 Property, plant and equipment

Group	Note	Leasehold properties \$'000	Furniture, fixtures and office equipment \$'000	Plant and machinery \$'000	Renovations \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost								
At 1 January 2014		5,213	4,832	965	113	1,064	1,008	13,195
Additions		–	266	13	111	71	389	850
Disposals/written off		–	–	–	(10)	(70)	–	(80)
Reclassification		–	394	(394)	–	–	–	–
Effect of movements in exchange rates		–	(56)	(25)	–	(7)	(16)	(104)
At 31 December 2014		5,213	5,436	559	214	1,058	1,381	13,861
Additions		–	739	49	73	92	156	1,109
Disposals/written off		–	–	(1)	–	(125)	–	(126)
Reclassification		–	(98)	–	–	–	98	–
Reclassification to assets held for sale	14	(5,213)	–	–	–	–	–	(5,213)
Effect of movements in exchange rates		–	(132)	(19)	(8)	(39)	(27)	(225)
At 31 December 2015		–	5,945	588	279	986	1,608	9,406
Accumulated depreciation and impairment losses								
At 1 January 2014		2,085	3,701	779	44	798	822	8,229
Depreciation		104	301	36	30	83	77	631
Disposals/written off		–	–	–	(4)	(70)	–	(74)
Reclassification		–	281	(281)	–	–	–	–
Effect of movements in exchange rates		–	(36)	(21)	–	(7)	(2)	(66)
At 31 December 2014		2,189	4,247	513	70	804	897	8,720
Depreciation		22	314	29	39	94	180	678
Disposals/written off		–	–	(1)	–	(123)	–	(124)
Reclassification		–	(17)	–	–	–	17	–
Reclassification to assets held for sale	14	(2,211)	–	–	–	–	–	(2,211)
Effect of movements in exchange rates		–	(74)	(16)	(4)	(35)	(13)	(142)
At 31 December 2015		–	4,470	525	105	740	1,081	6,921
Carrying amounts								
At 1 January 2014		3,128	1,131	186	69	266	186	4,966
At 31 December 2014		3,024	1,189	46	144	254	484	5,141
At 31 December 2015		–	1,475	63	174	246	527	2,485

Notes to the Financial Statements

Year ended 31 December 2015

4 Property, plant and equipment (cont'd)

Company	Note	Leasehold properties \$'000	Furniture, office equipment \$'000	Plant and machinery \$'000	Renovations \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost								
At 1 January 2014		5,213	2,989	228	19	372	830	9,651
Additions		–	27	–	–	21	82	130
At 31 December 2014		5,213	3,016	228	19	393	912	9,781
Additions		–	43	–	52	–	22	117
Disposal		–	–	–	–	(60)	–	(60)
Reclassification to assets held for sale	14	(5,213)	–	–	–	–	–	(5,213)
At 31 December 2015		–	3,059	228	71	333	934	4,625
Accumulated depreciation and impairment losses								
At 1 January 2014		2,085	2,813	226	2	268	698	6,092
Depreciation		104	30	–	4	35	58	231
At 31 December 2014		2,189	2,843	226	6	303	756	6,323
Depreciation		22	33	1	6	35	55	152
Disposal		–	–	–	–	(60)	–	(60)
Reclassification to assets held for sale	14	(2,211)	–	–	–	–	–	(2,211)
At 31 December 2015		–	2,876	227	12	278	811	4,204
Carrying amounts								
At 1 January 2014		3,128	176	2	17	104	132	3,559
At 31 December 2014		3,024	173	2	13	90	156	3,458
At 31 December 2015		–	183	1	59	55	123	421

Notes to the Financial Statements

Year ended 31 December 2015

4 Property, plant and equipment (cont'd)

- (a) At the reporting date, the carrying amount of the Group's motor vehicles held under finance leases are \$142,926 (2014: \$106,609), respectively.
- (b) Particulars of the leasehold properties held by the Group and Company as at 31 December 2014 and 2015 were as follows:

Location	Description and existing use	Tenure and term of lease	Carrying amounts	
			2015	2014
At cost			\$'000	\$'000
#01-31/33/35/37 and #02-35/36/37/38/39/40/41, Block 261, Waterloo Street, Singapore	Shop houses	83 year lease expiring on 30 June 2077	—	3,024

The leasehold properties had been reclassified from property, plant and equipment to assets classified as held for sale as at 31 December 2015 (see note 14).

5 Subsidiaries

	Company	
	2015 \$'000	2014 \$'000
Unquoted equity shares, at cost	2,571	2,571
Loans and advances to subsidiaries	24,752	20,251
Impairment losses	(1,569)	(1,135)
	23,183	19,116
	25,754	21,687

Loans and advances to subsidiaries are unsecured and interest free. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investments in the subsidiaries, they are stated at cost less impairment losses.

Impairment losses

The Company evaluates whether there is any objective evidence that investments in subsidiaries are impaired and determines the amount of impairment losses based on the recoverable amounts of the subsidiaries. The financial health of and near-term business outlook for the subsidiaries, including factors such as industry performance and operating cashflows to be generated from the provision of services are considered.

Any significant changes in the business environment and estimates of the recoverable amounts of the impaired subsidiaries can affect profit or loss in the future years.

Notes to the Financial Statements

Year ended 31 December 2015

5 Subsidiaries (cont'd)

Impairment losses (cont'd)

The allowance for impairment losses on loans and advances to subsidiaries resulted from a decline in the recoverable amounts of the subsidiaries.

The movements of allowance for impairment losses in respect of loans and advances to subsidiaries during the year are as follows:

	Note	Company	
		2015 \$'000	2014 \$'000
At 1 January		1,135	–
Impairment loss recognised		434	130
Reclassification	13	–	1,005
At 31 December		1,569	1,135

Details of Singapore incorporated and significant foreign incorporated subsidiaries are as follows:

Name of subsidiaries		Principal activities	Country of incorporation	Effective equity held by the Group	
				2015 %	2014 %
(1)	Filsound Enterprise Pte Ltd	Importing and exporting of automotive spare parts	Singapore	100	100
(1)	Everts Pte. Ltd. and its subsidiary	Investment holding	Singapore	100	100
(1)	Tokyo Motor Pte. Ltd.	Trading in automotive spare parts	Singapore	90	90
(1)	Joining Enterprise Pte. Ltd.	Trading in automotive spare parts	Singapore	100	100
(1)	TS Motorsport Pte. Ltd. and its subsidiary	Trading in automotive spare parts	Singapore	100	100
(1)	TSC Compartments Pte. Ltd.	Trading in automotive spare parts	Singapore	60	60
(1)	Imparts Holdings Pte Ltd and its subsidiary	Investment holding	Singapore	100	100
(2)	Imparts Automotive Pty Ltd	Distribution of automotive spare parts	Australia	100	100

(1) Audited by KPMG LLP, Singapore.

(2) Audited by Grant Thornton Audit Pty Ltd.

Notes to the Financial Statements

Year ended 31 December 2015

6 Associates

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Unquoted equity investments, at cost	379	1,411	162	327

Name of associates	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
Gold Choice Food Industries Sdn. Bhd.	Processing and blending of food and beverages	Malaysia	20*	20
Lintrex (Australia) Pty Ltd	Trading in automotive spare parts	Australia	25	25

* See note a

None of the Group's associates are publicly listed entities and consequently do not have published price quotations.

Immaterial associates

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates that are accounted for using the equity method:

	2015	2014
	\$'000	\$'000
Group's interest in net assets of investees at beginning of the year	1,411	1,450
Group's share of:		
- loss for the year	(6)	(14)
- other comprehensive income	(11)	(25)
- total comprehensive income	(17)	(39)
Reclassification of interest in an associate to available-for-sale financial asset	(1,015)	—
Carrying amount of interest in investees at end of the year	379	1,411

At the reporting date, the associates do not have any contingent liabilities.

Notes to the Financial Statements

Year ended 31 December 2015

6 Associates (cont'd)

Immaterial associates (cont'd)

Note a

During 2015, the Company carried out an assessment and concluded that it has lost its significant influence over Gold Choice Food Industries Sdn. Bhd. ("Gold Choice"). Accordingly, equity accounting was ceased. The interest in Gold Choice was remeasured at fair value and reclassified as an available-for-sale financial asset (see note 7).

Gold Choice has a reporting year end of 31 March which is non-coterminous with the Group. For the purpose of equity accounting of this associate in the previous financial year, the Group used the associate's audited financial statements for the year ended 31 March 2014, as the associate has not prepared its financial statements up to the nine months ended 31 December 2014.

The impact arising from the use of the associate's audited financial statements which is not coterminous with reporting dates of the Group is not expected to be significant to the financial statement of the Group for the year ended 31 December 2014.

7 Available-for-sale financial asset

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unquoted equity security, at fair value	920	–	920	–

The fair value of Gold Choice is based on net asset valuation assessed by an independent local valuer on 28 February 2015 and adjusted by estimated losses of Gold Choice from the date of valuation to 31 December 2015.

The difference between the fair value of \$920,000 and the carrying amount of investment in Gold Choice of \$1,015,000 was recognised as a loss in the consolidated income statement. The foreign currency translation differences of net assets of Gold Choice previously recognised in other comprehensive income of the Group amounting to \$102,000 was also realised in the consolidated income statement as part of the loss.

Notes to the Financial Statements

Year ended 31 December 2015

8 Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Deductible temporary differences	77	99	3	–
Tax losses	4,920	4,402	4,598	4,114

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses do not expire under the current tax regulations.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available for which the Group can utilise the benefits there from.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Group				
Property, plant and equipment	–	16	(58)	(91)
Provisions	1,125	983	–	–
Tax loss carry-forward	47	26	–	–
Deferred tax assets/(liabilities)	1,172	1,025	(58)	(91)
Set off of tax	(20)	(44)	20	44
Net deferred tax assets/(liabilities)	1,152	981	(38)	(47)
Company				
Property, plant and equipment	–	–	(20)	(61)
Provisions	36	44	–	–
Deferred tax assets/(liabilities)	36	44	(20)	(61)
Set off of tax	(20)	(44)	20	44
Net deferred tax assets/(liabilities)	16	–	–	(17)

Notes to the Financial Statements

Year ended 31 December 2015

8 Deferred tax assets and liabilities (cont'd)

Movements in temporary differences during the year

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year were as follows:

	As at 1 January 2014 \$'000	Recognised in profit or loss (note 23) \$'000	Exchange differences \$'000	As at 31 December 2014 \$'000	Recognised in profit or loss (note 23) \$'000	Exchange differences \$'000	As at 31 December 2015 \$'000
Group							
Provisions	980	39	(36)	983	184	(42)	1,125
Tax losses carry-forward	14	11	1	26	18	3	47
Property, plant and equipment	(133)	59	(1)	(75)	15	2	(58)
	861	109	(36)	934	217	(37)	1,114

The subsidiaries in Australia entered into a tax consolidated group in accordance with local tax consolidation legislation. The head entity of the tax consolidated group recognises the current tax liabilities (or assets) of the tax consolidated group arising from unused tax losses and unused tax credits assumed from entities within that group. As such, the deferred tax assets arising from unused tax losses and unused tax credits were transferred to current tax liabilities (or assets).

	As at 1 January 2014 \$'000	Recognised in profit or loss \$'000	As at 31 December 2014 \$'000	Recognised in profit or loss \$'000	As at 31 December 2015 \$'000
Company					
Provisions	81	(37)	44	(9)	35
Property, plant and equipment	(51)	(10)	(61)	42	(19)
	30	(47)	(17)	33	16

Notes to the Financial Statements

Year ended 31 December 2015

9 Loan receivables

	Group and Company	
	2015 \$'000	2014 \$'000
Loan receivables	1,100	1,100
Impairment losses	(1,100)	(1,100)
	–	–

Loan receivables comprise:

- (a) a loan of \$91,000 (2014: \$91,000) made to a relative of one of the directors for his contribution towards the capital of Tye Soon (Xiamen) Co. Ltd., a company established in the People's Republic of China. The loan is secured on the shares in Tye Soon (Xiamen) Co. Ltd.; and
- (b) an unsecured loan of \$1,009,000 (2014: \$1,009,000) to Tye Soon (Xiamen) Co. Ltd. to provide working capital for its operations.

The above loans are not expected to be repaid in the next twelve months and bore no interest since November 2003.

10 Inventories

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Finished goods	98,550	86,662	35,253	30,733
Goods-in-transit	9,502	7,368	1,826	2,957
	108,052	94,030	37,079	33,690

Allowance for inventory obsolescence

Where necessary, allowance for inventory obsolescence is set up for estimated losses which may result from obsolete inventories held. The Group estimates the level of allowance based on the prevailing market conditions and historical provisioning experience. The required level of allowance could change significantly as a result of changes in market conditions.

The cost of inventories recognised as expense and included in cost of sales amounted to \$160,577,000 (2014: \$158,789,000) and \$97,957,000 (2014: \$102,774,000) for the Group and Company, respectively.

The write-down of inventories to net realisable value amounted to \$417,000 (2014: \$742,000) and \$25,000 (2014: \$nil) for the Group and Company, respectively. In 2014, following a change in estimates, \$17,000 of the write-down was reversed. The write-downs and reversals are included in other operating expenses.

Notes to the Financial Statements

Year ended 31 December 2015

11 Trade and other receivables

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	12	30,291	29,014	12,366	12,531
Amounts due from subsidiaries	13	—	—	35,715	35,964
Amounts due from associates, trade		19	13	19	13
Advances to staff		16	14	—	—
Advances to suppliers		54	444	6	391
Deposits		1,475	1,016	126	127
Other receivables		730	225	302	70
Rebates and discounts receivable from suppliers		695	549	114	424
		33,280	31,275	48,648	49,520
Derivative financial assets		101	—	101	—
Prepayments		358	454	96	131
		33,739	31,729	48,845	49,651

The Group's and the Company's exposure to credit risk and currency risk related to trade and other receivables are disclosed in notes 12 and 28, respectively.

12 Trade receivables

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables		36,274	34,921	17,844	17,782
Impairment losses		(5,983)	(5,907)	(5,478)	(5,251)
	11	30,291	29,014	12,366	12,531

Notes to the Financial Statements

Year ended 31 December 2015

12 Trade receivables (cont'd)

The ageing of trade receivables at the reporting date was:

	Gross	Impairment losses	Gross	Impairment losses
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Group				
Not past due	19,975	—	19,728	—
Past due 0 – 30 days	6,475	—	5,724	—
Past due 31 – 120 days	3,596	—	3,069	—
Past due more than 120 days	6,228	(5,983)	6,400	(5,907)
	<u>36,274</u>	<u>(5,983)</u>	<u>34,921</u>	<u>(5,907)</u>
Company				
Not past due	6,378	—	6,573	—
Past due 0 – 30 days	3,345	—	3,179	—
Past due 31 – 120 days	2,573	—	2,372	—
Past due more than 120 days	5,548	(5,478)	5,658	(5,251)
	<u>17,844</u>	<u>(5,478)</u>	<u>17,782</u>	<u>(5,251)</u>

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs could be higher than estimated.

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
At 1 January	5,907	5,730	5,251	5,001
Impairment loss recognised	86	106	—	121
Write-back	(107)	(27)	—	—
Written off	(86)	(34)	—	—
Effect of movements in exchange rates	183	132	227	129
At 31 December	<u>5,983</u>	<u>5,907</u>	<u>5,478</u>	<u>5,251</u>

Notes to the Financial Statements

Year ended 31 December 2015

12 Trade receivables (cont'd)

Impairment loss on trade receivables (cont'd)

Trade receivables of the Group and the Company include an amount of \$4,762,000 (2014: \$4,821,000) due from Tye Soon (Xiamen) Co. Ltd. against which a full allowance for impairment losses was made in previous financial years.

Based on historical default rates, the Group believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables not past due or past due as they are mainly due from customers that have a satisfactory payment record with the Group.

The Group and the Company enter into transactions only with customers, where credit quality are at acceptable risk. Trade receivables that were not past due relate to a wide range of customers for whom there has not been a significant change in the credit quality.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly. The Group and the Company does not have any collective impairment on its trade receivables.

13 Amounts due from subsidiaries

	Note	Company	
		2015 \$'000	2014 \$'000
Amounts due from subsidiaries:			
- trade		16,419	23,124
- non-trade		19,989	13,533
		36,408	36,657
Impairment losses:			
- non-trade		(693)	(693)
	11	35,715	35,964

Non-trade amounts due from subsidiaries are unsecured, interest free, and repayable on demand. These balances are stated at cost less allowance for impairment losses.

Notes to the Financial Statements

Year ended 31 December 2015

13 Amounts due from subsidiaries (cont'd)

The ageing of trade amounts due from subsidiaries at the reporting date was:

	Company	
	2015 \$'000	2014 \$'000
Not past due	9,264	9,194
Past due 0 – 30 days	1,135	1,459
Past due 31 – 120 days	698	5,733
Past due more than 120 days	5,322	6,738
	<u>16,419</u>	<u>23,124</u>

Impairment of amounts due from subsidiaries

Determining whether amounts due from subsidiaries are impaired requires estimates to be made regarding the recoverable amount of amount due from subsidiary, and the financial health of and business outlook for the subsidiary. These include factors such as industry and sector performance and operational and financing cash flow.

The movement in the allowance for impairment losses in respect of amounts due from subsidiaries during the year was as follows:

	Note	Company	
		2015 \$'000	2014 \$'000
At 1 January		693	1,698
Reclassification	5	–	(1,005)
At 31 December		<u>693</u>	<u>693</u>

Notes to the Financial Statements

Year ended 31 December 2015

14 Assets held for sale

	Note	Group and Company	
		2015 \$'000	2014 \$'000
At 1 January		–	–
Reclassification from property, plant and equipment	4	3,002	–
At 31 December		<u>3,002</u>	<u>–</u>

On 17 March 2015, the Company entered into a conditional Call and Put Option Agreement (the “Option”) with a third party (the “Purchaser”) in respect of the sale of the Company’s leasehold properties located at Block 261 Waterloo Street, #01-31/33/35/37 and #02-35/36/37/38/39/40/41 of Waterloo Centre, Singapore 180261 (the “Properties”). Upon the exercise of the Option by the Purchaser on 30 September 2015, the Company and the Purchaser was deemed to have entered into a sale and purchase agreement (the “Purchase Agreement”) for the sale of the Properties for an aggregate cash consideration of \$11,000,000, without either party having to sign the Purchase Agreement. The completion date is not earlier than nineteen weeks from the date of exercise of the Option.

Accordingly, the Properties has been reclassified from property, plant and equipment (see note 4) to assets held for sale as at 31 December 2015.

The sale of the Properties was completed on 1 March 2016 with cash received of \$11,000,000. The estimated gain on sale of the Properties amounted to \$7,898,000 after taking into account professional fees of \$100,000.

15 Share capital

	Number of shares	
	2015 (’000)	2014 (’000)
Company		
At beginning of the year	261,800	261,800
Shares consolidation during the year	(174,535)	–
At end of the year	<u>87,265</u>	<u>261,800</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets. All issued shares are fully paid.

On 9 September 2015, the Company completed a share consolidation of three existing ordinary shares into one ordinary share. As a result of the shares consolidation, the number of issued shares has been reduced to 87,265,029.

Notes to the Financial Statements

Year ended 31 December 2015

15 Share capital (cont'd)

Capital management

The policy of the Board of Directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as profit after tax divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Capital consists of share capital and retained earnings.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

16 Reserves

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Other capital reserves	3,501	3,501	—	—
Translation reserve	(6,132)	(2,960)	576	698
Retained earnings	18,143	19,187	2,572	3,561
	<u>15,512</u>	<u>19,728</u>	<u>3,148</u>	<u>4,259</u>

Other capital reserves

Other capital reserves comprise realised gains on disposal of assets, net of goodwill/negative goodwill, arising on acquisition of subsidiaries.

Translation reserve

Translation reserve comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company; and
- (ii) foreign exchange differences on translation of monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Notes to the Financial Statements

Year ended 31 December 2015

16 Reserves (cont'd)

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2015	2014
	\$'000	\$'000
Paid by the Company to owners of the Company		
Final tax exempt (one-tier) dividend of 0.287 cents per share in respect of the year ended 31 December 2013	–	751
Special tax exempt (one-tier) dividend of 0.574 cents per share paid in respect of the year ended 31 December 2013	–	1,503
Interim tax exempt (one-tier) dividend of 0.287 cents per share in respect of the year ended 31 December 2014	–	751
Final tax exempt (one-tier) dividend of 0.287 cents per share* in respect of the year ended 31 December 2014	751	–
Interim tax exempt (one-tier) dividend of 0.287 cents per share* in respect of the year ended 31 December 2015	751	–
	1,502	3,005

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

	Group and Company	
	2015	2014
	\$'000	\$'000
Final tax exempt (one-tier) dividend of 0.287 cents per share in respect of the year ended 31 December 2014	–	751
Final tax exempt (one-tier) dividend of 0.861 cents per share in respect of the year ended 31 December 2015	751	–
	751	751

* Before shares consolidation exercise (see Note 15)

Notes to the Financial Statements

Year ended 31 December 2015

17 Loans and borrowings

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Finance lease liabilities	53	33	–	–
Current liabilities				
Finance lease liabilities	41	42	–	–
Unsecured bank loans	39,008	29,978	36,669	28,768
Bills payable and trust receipts	41,562	41,184	31,997	34,228
	80,611	71,204	68,666	62,996
	80,664	71,237	68,666	62,996

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
2015				
Finance lease liabilities				
- Malaysia Ringgit	2.50 – 3.70	2016	7	6
- Hong Kong dollar	2.50 – 2.75	2019	95	88
			102	94
Unsecured bank loans				
- Singapore dollar	2.19 – 3.55	2016	25,000	25,000
- Australian dollar	3.87 – 3.93	2016	6,197	6,197
- Hong Kong dollar	2.05 – 2.65	2016	5,472	5,472
- Malaysia Ringgit	5.74	2016	2,339	2,339
			39,008	39,008
Bills payable and trust receipts				
- Singapore dollar	2.35 – 3.90	2016	25,625	25,625
- Euro dollar	1.51 – 1.75	2016	639	639
- United States dollar	2.09 – 3.13	2016	1,944	1,944
- Japanese Yen	1.20 – 3.15	2016	4,046	4,046
- Australian dollar	3.97 – 4.63	2016	8,319	8,319
- Malaysia Ringgit	5.87 – 6.00	2016	989	989
			41,562	41,562
			80,672	80,664

Notes to the Financial Statements

Year ended 31 December 2015

17 Loans and borrowings (cont'd)

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
2014				
Finance lease liabilities				
- Malaysia Ringgit	2.50 – 3.70	2016	33	30
- Hong Kong dollar	2.75	2017	48	45
			81	75
Unsecured bank loans				
- Singapore dollar	1.95 – 2.56	2015	25,500	25,500
- Australian dollar	4.75	2015	542	542
- Hong Kong dollar	2.32 – 2.66	2015	2,726	2,726
- Malaysia Ringgit	5.70 – 5.72	2015	1,210	1,210
			29,978	29,978
Bills payable and trust receipts				
- Singapore dollar	1.46 – 5.25	2015	26,588	26,588
- United States dollar	1.92 – 2.44	2015	2,697	2,697
- Japanese Yen	1.11 – 3.75	2015	5,110	5,110
- Australian dollar	4.63 – 5.02	2015	6,260	6,260
- Malaysia Ringgit	6.10 – 6.26	2015	529	529
			41,184	41,184
			71,243	71,237

Notes to the Financial Statements

Year ended 31 December 2015

17 Loans and borrowings (cont'd)

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Company				
2015				
Unsecured bank loans				
- Singapore dollar	2.19 – 3.55	2016	25,000	25,000
- Australian dollar	3.87 – 3.93	2016	6,197	6,197
- Hong Kong dollar	2.05 – 2.65	2016	5,472	5,472
			<u>36,669</u>	<u>36,669</u>
Bills payable and trust receipts				
- Singapore dollar	2.35 – 3.90	2016	25,368	25,368
- Euro dollar	1.51 – 1.75	2016	639	639
- United States dollar	2.09 – 3.13	2016	1,944	1,944
- Japanese Yen	1.20 – 3.15	2016	4,046	4,046
			<u>31,997</u>	<u>31,997</u>
			<u>68,666</u>	<u>68,666</u>
2014				
Unsecured bank loans				
- Singapore dollar	1.95 – 2.56	2015	25,500	25,500
- Australian dollar	4.75	2015	542	542
- Hong Kong dollar	2.32 – 2.66	2015	2,726	2,726
			<u>28,768</u>	<u>28,768</u>
Bills payable and trust receipts				
- Singapore dollar	1.46 – 2.88	2015	26,421	26,421
- United States dollar	1.92 – 2.44	2015	2,697	2,697
- Japanese Yen	1.11 – 3.75	2015	5,110	5,110
			<u>34,228</u>	<u>34,228</u>
			<u>62,996</u>	<u>62,996</u>

Notes to the Financial Statements

Year ended 31 December 2015

17 Loans and borrowings (cont'd)

Finance lease liabilities

The Group's finance lease liabilities are payable as follows:

	Principal 2015 \$'000	Interest 2015 \$'000	Future minimum lease payments 2015 \$'000	Principal 2014 \$'000	Interest 2014 \$'000	Future minimum lease payments 2014 \$'000
Group						
Within one year	41	5	46	42	4	46
Between one year and five years	53	3	56	33	2	35
	94	8	102	75	6	81

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to \$19,596,000 (2014: \$19,142,000) granted to wholly-owned subsidiaries which expire on June 2016. At the reporting date, the Company does not consider it probable that a claim will be made against the amounts under guarantee.

18 Employee benefits

	Group \$'000
At January 2015	1,159
Provisions made during the year	283
Provisions used during the year	(32)
At 31 December 2015	1,410

The provision for employee benefits relates mainly to long-term incentives and termination benefits.

Notes to the Financial Statements

Year ended 31 December 2015

19 Deferred income

	Group and Company	
	2015 \$'000	2014 \$'000
Excess profit on sale of leasehold property	117	1,617
Amortisation for the year	(117)	(1,500)
	–	117

On 20 November 2011, the Company entered into a conditional Call and Put Option Agreement (the “Option Agreement”) with a third party (the “Purchaser”) in respect of the sale and leaseback of the Company’s leasehold property located at 3C Toh Guan Road East, Singapore 608832 (the “Property”). Upon exercise of the option set out in the Option Agreement by either party, the Company and the Purchaser will enter into a sale and purchase agreement (the “Property Sale Agreement”) for the sale of the Property for an aggregate cash consideration of \$35,500,000.

The excess of sales price over fair value of the Property, amounting to \$4,500,000, is deferred and amortised over the lease period of 3 years.

20 Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	16,525	12,993	4,178	4,736
Accrued expenses	3,775	4,208	1,527	1,909
Deposits and advances	3,228	1,372	3,202	1,348
Other payables	245	240	103	114
Interest payable	253	219	203	176
Amount due to subsidiary, trade	–	–	–	781
Amount due to a director, non trade	44	41	–	–
Financial liabilities	24,070	19,073	9,213	9,064
Derivative financial liabilities	13	–	13	–
	24,083	19,073	9,226	9,064

Amount due to a director is unsecured, interest free and repayable on demand.

The Group’s and the Company’s exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in note 28.

21 Revenue

Revenue comprises sales of goods, net of returns, trade discounts and volume rebates.

Notes to the Financial Statements

Year ended 31 December 2015

22 Finance costs

	Group	
	2015	2014
	\$'000	\$'000
Interest expenses on:		
- bank overdrafts and loans	1,027	887
- bills payable and trust receipts	1,131	828
- finance lease liabilities	8	6
	<u>2,166</u>	<u>1,721</u>

23 Tax expense

	Group	
	2015	2014
	\$'000	\$'000
Current tax		
Current year	758	1,416
Under provision for prior years	21	28
Withholding tax	9	10
	<u>788</u>	<u>1,454</u>
Deferred tax		
Origination and reversal of temporary differences	(220)	(94)
Over provision for prior years	3	(15)
	<u>(217)</u>	<u>(109)</u>
Tax expense	<u>571</u>	<u>1,345</u>
Reconciliation of effective tax rate		
Profit before tax	<u>1,102</u>	<u>4,011</u>
Tax using the Singapore tax rate of 17% (2014: 17%)	187	682
Effect of tax rates in foreign jurisdictions	80	420
Effect of results of associates presented net of tax	1	2
Non-deductible expenses	256	112
Tax exempt income	(22)	(18)
Tax incentives	—	(4)
Change in unrecognised temporary differences	(16)	—
Current year losses and temporary differences for which no deferred tax asset was recognised	52	128
Under provision for prior years, net	24	13
Withholding tax	9	10
	<u>571</u>	<u>1,345</u>

Notes to the Financial Statements

Year ended 31 December 2015

24 Profit for the year

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

	Note	Group	
		2015 \$'000	2014 \$'000
Audit fees paid to:			
- auditors of the Company		140	135
- other auditors		150	127
Non-audit fees paid to:			
- auditors of the Company		19	7
- other auditors		89	61
Allowance for impairment on trade receivables	12	86	106
Contributions to defined contribution plans, included in staff costs		1,698	1,589
Directors' fees		538	494
Foreign exchange (gain)/loss		(20)	149
Inventories written down	10	417	725
Loss on remeasurement of interest in an associate to available-for-sale financial asset		197	—
Operating lease expense for:			
- leasehold properties		5,359	6,829
Amortisation of deferred income	19	(117)	(1,500)
Interest income		(31)	(55)
Rental income from leasehold properties		(112)	(1,226)
Write back of allowance for impairment on trade receivables	12	(107)	(27)

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of \$458,000 (2014: \$2,621,000), and a weighted average number of ordinary shares outstanding of 87,265,029 (2014 (restated): 87,265,029), calculated as follows:

Profit attributable to ordinary shareholders

	2015 \$'000	2014 \$'000
Profit attributable to ordinary shareholders	458	2,621

Notes to the Financial Statements

Year ended 31 December 2015

25 Earnings per share (cont'd)

Weighted-average number of ordinary shares

	2015 Number of shares (‘000)	2014 Number of shares (‘000) Restated
Weighted-average number of ordinary shares at 1 January and 31 December	87,265	87,265

As a result of the shares consolidation, for the purpose of comparison, the weighted average number of shares for the prior year has been adjusted from 261,800,000 to 87,265,029 as though the shares consolidation had taken place in the prior year. Accordingly, the earnings per share was restated from 1 cent in 2014 to 3 cents.

The Company did not have any stock options or dilutive potential ordinary shares during the years ended 31 December 2015 and 2014.

26 Related parties

Parent and ultimate controlling party

The immediate and ultimate holding company is OBG & Sons Pte Ltd, a company incorporated in Singapore.

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior managers of the Company and the general managers of the significant subsidiaries are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits	1,864	2,284
Post-employment benefits	80	85
	1,944	2,369

Notes to the Financial Statements

Year ended 31 December 2015

26 Related parties (cont'd)

Other related party transactions

During the year, other than those as disclosed elsewhere in the financial statements, the following significant related party transactions are carried out in the normal course of business on terms agreed between the parties:

	Group	
	2015 \$'000	2014 \$'000
Associate		
- Sales	156	138
- Purchases	—	14

27 Operating leases

Leases as lessee

Non-cancellable operating lease rentals for office, warehouse, retail outlets and vehicles are payable as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	3,422	2,082	1,376	216
Between one and five years	5,515	1,205	3,625	—
	8,937	3,287	5,001	216

The leases for offices and retail outlets typically run for a period of two to three years with an option to renew the lease after that date.

Leases as lessor

The Group and the Company lease out its leasehold properties held under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	Group and Company	
	2015 \$'000	2014 \$'000
Within one year	—	95

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Group has in place an Enterprise Risk Management ("ERM") framework, which governs the risk management process in the Group. The ERM framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. Risk management policies and systems are reviewed by the Enterprise Risk Management Committee regularly to reflect changes in market conditions and the Group's activities. The committee reports regularly to the Board of Directors on its activities. Management is responsible for implementing the risk management process as well as a Group-wide system of internal controls.

The Board of Directors reviews the adequacy and effectiveness of the ERM framework against recommended practices in risk management and vis-a-vis the external and internal environment where the Group operates in. The Audit Committee, assisted by internal audit, reviews the adequacy and effectiveness of internal control measures identified from the ERM framework. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets in the statements of financial position represent the Group and the Company's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of their financial assets.

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 17) at the reporting date, based on the facilities drawn down by the subsidiaries as at year end amounted to \$19,596,000 (2014: \$19,142,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Credit risk (cont'd)

Trade and other receivables

Risk management policy

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The credit quality of a customer is assessed after taking into account its financial position and past experience with the customer.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The maximum exposure to credit risk of trade and other receivables at the reporting date is represented by the carrying amounts of the trade and other receivables as disclosed in note 11.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of distribution activities and sell in a variety of territories. The Group's historical experience in the collection of trade receivables falls within the recorded allowances.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Note	Carrying amount \$'000	Cash flows			
			Contractual cash flows \$'000	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000
Group						
2015						
Non-derivative financial liabilities						
Finance lease liabilities	17	94	(102)	(27)	(19)	(56)
Unsecured bank loans	17	39,008	(39,065)	(39,065)	–	–
Bills payable and trust receipts	17	41,562	(41,777)	(41,777)	–	–
Trade and other payables	20	24,070	(24,070)	(24,070)	–	–
		104,734	(105,014)	(104,939)	(19)	(56)
Derivative financial liabilities						
Forward exchange contracts (net-settled)	20	13	(13)	(13)	–	–
2014						
Non-derivative financial liabilities						
Finance lease liabilities	17	75	(81)	(23)	(23)	(35)
Unsecured bank loans	17	29,978	(30,010)	(30,010)	–	–
Bills payable and trust receipts	17	41,184	(41,378)	(41,378)	–	–
Trade and other payables	20	19,073	(19,073)	(19,073)	–	–
		90,310	(90,542)	(90,484)	(23)	(35)

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

			Cash flows			
	Note	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000
Company						
2015						
Non-derivative financial liabilities						
Unsecured bank loans	17	36,669	(36,715)	(36,715)	—	—
Bills payable and trust receipts	17	31,997	(32,153)	(32,153)	—	—
Intragroup financial guarantees	17	—	(19,596)	(19,596)	—	—
Trade and other payables	20	9,213	(9,213)	(9,213)	—	—
		<u>77,879</u>	<u>(97,677)</u>	<u>(97,677)</u>	<u>—</u>	<u>—</u>
Derivative financial liabilities						
Forward exchange contracts (net-settled)	20	13	(13)	(13)	—	—
2014						
Non-derivative financial liabilities						
Unsecured bank loans	17	28,768	(28,795)	(28,795)	—	—
Bills payable and trust receipts	17	34,228	(34,377)	(34,377)	—	—
Intragroup financial guarantees	17	—	(19,142)	(19,142)	—	—
Trade and other payables	20	9,064	(9,064)	(9,064)	—	—
		<u>72,060</u>	<u>(91,378)</u>	<u>(91,378)</u>	<u>—</u>	<u>—</u>

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

Market risk

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

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk

Risk management policy

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the Euro, the United States dollar, the Hong Kong dollar, the Japanese Yen, the Australian dollar, the Malaysia ringgit, the Thai Baht, and the Korean Won.

In respect of other monetary assets and liabilities held in currencies other than the respective functional currencies of Group entities, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances. The Group also uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Exposure to currency risk

The Group's and Company's exposures to significant foreign currencies are as follows:

	Euro \$'000	United States dollar \$'000	Hong Kong dollar \$'000	Japanese Yen \$'000	Australian dollar \$'000	Malaysia Ringgit \$'000	Thai Baht \$'000	Korean Won \$'000
Group								
2015								
Trade and other receivables	278	1,560	—	3,620	—	—	—	—
Amounts due from subsidiaries	—	657	5,129	—	6,804	7,866	1,189	6,276
Cash in hand and at bank	17	139	—	775	9	26	3	—
Available-for-sale financial asset	—	—	—	—	—	920	—	—
Unsecured bank loans	—	—	(5,472)	—	(6,197)	—	—	—
Bills payable and trust receipts	(639)	(2,116)	—	(4,046)	—	—	—	—
Trade and other payables	(2,403)	(483)	—	(2,030)	—	—	—	—
Forward exchange contracts	424	—	—	767	—	—	—	—
	<u>(2,323)</u>	<u>(243)</u>	<u>(343)</u>	<u>(914)</u>	<u>616</u>	<u>8,812</u>	<u>1,192</u>	<u>6,276</u>
2014								
Trade and other receivables	319	2,760	—	3,172	—	873	—	—
Amounts due from subsidiaries	—	664	4,540	—	975	7,563	1,365	8,585
Cash in hand and at bank	162	1,236	—	831	20	36	2	—
Unsecured bank loans	—	—	(2,726)	—	(541)	—	—	—
Bills payable and trust receipts	—	(2,697)	—	(4,217)	—	—	—	—
Trade and other payables	(1,119)	(257)	—	(603)	(781)	—	—	—
	<u>(638)</u>	<u>1,706</u>	<u>1,814</u>	<u>(817)</u>	<u>(327)</u>	<u>8,472</u>	<u>1,367</u>	<u>8,585</u>

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	Euro \$'000	United States dollar \$'000	Hong Kong dollar \$'000	Japanese Yen \$'000	Australian dollar \$'000	Malaysia Ringgit \$'000	Thai Baht \$'000	Korean Won \$'000
Company								
2015								
Trade and other receivables	278	1,560	–	3,620	–	–	–	–
Amounts due from subsidiaries	–	657	5,129	–	11,425	14,454	1,894	15,908
Cash in hand and at bank	17	139	–	775	9	26	3	–
Available-for-sale financial asset	–	–	–	–	–	920	–	–
Unsecured bank loans	–	–	(5,472)	–	(6,197)	–	–	–
Bills payable and trust receipts	(639)	(2,116)	–	(4,046)	–	–	–	–
Trade and other payables	(1,028)	(553)	–	(2,030)	–	–	–	–
Forward exchange contracts	424	–	–	767	–	–	–	–
	(948)	(313)	(343)	(914)	5,237	15,400	1,897	15,908
2014								
Trade and other receivables	319	2,760	–	3,172	–	–	–	–
Amounts due from subsidiaries	–	664	4,540	–	5,819	12,856	2,088	14,769
Cash in hand and at bank	162	1,236	–	831	20	36	2	–
Unsecured bank loans	–	–	(2,726)	–	(541)	–	–	–
Bills payable and trust receipts	–	(2,697)	–	(4,217)	–	–	–	–
Trade and other payables	(711)	(243)	–	(603)	(781)	–	–	–
	(230)	1,720	1,814	(817)	4,517	12,892	2,090	14,769

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis

A strengthening of the Singapore dollar against the following currencies at 31 December would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

		Group		Company	
		Profit or loss \$'000	Equity \$'000	Profit or loss \$'000	Equity \$'000
	Strengthening %				
2015					
Euro	10%	232	—	95	—
US dollar	10%	24	—	31	—
Hong Kong dollar	10%	34	—	34	—
Japanese Yen	10%	92	—	92	—
Australian dollar	10%	(62)	—	(524)	—
Malaysia Ringgit	10%	(789)	(92)	(1,448)	(92)
Thai Baht	10%	(119)	—	(190)	—
Korean Won	10%	(628)	—	(1,591)	—
2014					
Euro	10%	64	—	23	—
US dollar	10%	(171)	—	(172)	—
Hong Kong dollar	10%	(181)	—	(181)	—
Japanese Yen	10%	82	—	82	—
Australian dollar	10%	33	—	(452)	—
Malaysia Ringgit	10%	(847)	—	(1,289)	—
Thai Baht	10%	(137)	—	(209)	—
Korean Won	10%	(859)	—	(1,477)	—

A weakening of the Singapore dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Market risk (cont'd)

Interest rate risk

The Group's and the Company's exposure to changes in interest rates relates primarily to bills payable, trust receipts and unsecured bank loans.

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	Carrying amount		Carrying amount	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial liabilities	80,664	71,237	68,666	62,996

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Accounting classifications and fair values

Fair value versus carrying amounts

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

		Carrying amount				Fair value			
Note	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial asset	Other financial liabilities	Total	Level 1	Level 2	Level 3
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
31 December 2015									
Financial assets not measured at fair value									
11	Trade and other receivables #	-	33,280	-	-	33,280	-	-	-
	Cash and cash equivalents	-	10,005	-	-	10,005	-	-	-
		-	43,285	-	-	43,285	-	-	-
Financial asset measured at fair value									
7	Available-for-sale financial asset	-	-	920	-	920	-	-	920
11	Derivative financial asset	101	-	-	-	101	-	101	-
		101	-	920	-	1,021	-	-	101
Financial liabilities not measured at fair value									
17	Unsecured bank loans	-	-	-	(39,008)	(39,008)	-	-	-
17	Bills payable and trust receipts	-	-	-	(41,562)	(41,562)	-	-	-
20	Trade and other payables ^	-	-	-	(20,842)	(20,842)	-	-	-
		-	-	-	(101,412)	(101,412)	-	-	-

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

	Note	Carrying amount					Fair value			
		Financial assets/liabilities at fair value through profit or loss \$'000	Loans and receivables \$'000	Available-for-sale financial asset \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group										
31 December 2015										
Financial liabilities measured at fair value										
Derivative financial liabilities	20	(13)	–	–	–	(13)	–	(13)	–	(13)
31 December 2014										
Financial assets not measured at fair value										
Trade and other receivables #	11	–	31,275	–	–	31,275				
Cash and cash equivalents		–	16,333	–	–	16,333				
		–	47,608	–	–	47,608				
Financial liabilities not measured at fair value										
Unsecured bank loans	17	–	–	–	(29,978)	(29,978)				
Bills payable and trust receipts	17	–	–	–	(41,184)	(41,184)				
Trade and other payables ^	20	–	–	–	(17,701)	(17,701)				
		–	–	–	(88,863)	(88,863)				

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

		Carrying amount					Fair value			
		Financial assets/ liabilities at fair value	Loans and receivables	Available- for-sale financial asset	Other financial liabilities	Total	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company										
31 December 2015										
Financial assets not measured at fair value										
11	Trade and other receivables #	-	48,648	-	-	48,648				
	Cash and cash equivalents	-	2,898	-	-	2,898				
		-	51,546	-	-	51,546				
Financial asset measured at fair value										
7	Available-for-sale financial asset	-	-	920	-	920	-	-	920	920
11	Derivative financial asset	101	-	-	-	101	-	101	-	101
		101	-	920	-	1,021				
Financial liabilities not measured at fair value										
17	Unsecured bank loans	-	-	-	(36,669)	(36,669)				
17	Bills payable and trust receipts	-	-	-	(31,997)	(31,997)				
20	Trade and other payables ^	-	-	-	(6,011)	(6,011)				
		-	-	-	(74,677)	(74,677)				
Financial liabilities measured at fair value										
20	Derivative financial liabilities	(13)	-	-	-	(13)	-	(13)	-	(13)

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

		Carrying amount					Fair value			
		Financial assets/ liabilities at fair value through profit or loss \$'000	Loans and receivables \$'000	Available- for-sale financial asset \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company										
31 December 2014										
Financial assets not measured at fair value										
	Trade and other receivables #	11	49,520	-	-	49,520				
	Cash and cash equivalents		5,690	-	-	5,690				
			55,210	-	-	55,210				
Financial liabilities not measured at fair value										
	Unsecured bank loans	17	-	-	(28,768)	(28,768)				
	Bills payable and trust receipts	17	-	-	(34,228)	(34,228)				
	Trade and other payables ^	20	-	-	(7,716)	(7,716)				
			-	-	(70,712)	(70,712)				

#: Excludes prepayments

^: Exclude deposits and advances

Notes to the Financial Statements

Year ended 31 December 2015

28 Financial risk management (cont'd)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Derivative financial assets and liabilities – forward exchange contracts	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar transactions.	Not applicable.	Not applicable.
Available-for-sale financial asset	Please refer to the description at note 7.	Adjusted net asset value for unquoted equity security.	The estimated fair value would increase/ (decrease) if net asset value for unquoted equity security was higher/(lower).

(ii) Transfers between Level 1 and 2

There were no transfer between Level 1 and 2 in 2015 and 2014.

(iii) Level 3 fair values

Sensitivity analysis

Available-for-sale financial asset

If net asset value of equity security had been 10% higher with all other variables held constant, the increase in fair value of these investments and the corresponding increase in fair value change reserve for the year ended 31 December 2015 would have been \$92,000 (2014: \$nil). Correspondingly, if net asset value of equity security had been 10% lower with all other variables held constant, the fair value of these investments and the fair value reserves would have decreased by an equal amount.

Notes to the Financial Statements

Year ended 31 December 2015

29 Operating segments

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that is regularly reviewed by the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group is principally engaged in the distribution of automotive parts. Accordingly, no segmental information is presented based on business segment.

Geographical information

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

	Singapore \$'000	Malaysia \$'000	Australia \$'000	Thailand \$'000	North Asia ⁽ⁱⁱ⁾ \$'000	Others \$'000	Total \$'000
2015							
Total revenue from external customers	21,568	47,269	44,082	23,594	31,253	33,648	201,414
Non-current assets ⁽ⁱ⁾	1,727	307	1,261	3	572	18	3,888
2014							
Total revenue from external customers	24,136	49,570	49,738	22,982	23,281	31,345	201,052
Non-current assets ⁽ⁱ⁾	4,882	369	1,028	3	375	4	6,661

(i) Non-current assets presented consist of property, plant and equipment, goodwill, associates, and available-for-sale financial asset.

(ii) North Asia includes Hong Kong, China, Taiwan and South Korea.

Major customer

For the years ended 31 December 2015 and 2014, there was no single customer that contributed to 10% or more of the Group's revenue.

Supplementary Information

1. CORPORATE GOVERNANCE STATEMENT

The board of directors (“Board”) is committed to setting and maintaining a high standard of corporate governance in the spirit of the Code of Corporate Governance 2012 (“Code”).

This statement (“Statement”) outlines the main corporate governance practices adopted by the Company, with specific reference to the principles of the Code. The Board has adhered with the principles and guidelines of the Code, and any deviations will be specified in this Statement.

BOARD MATTERS

The Board’s Conduct of its 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 success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The primary role of the Board is to ensure good governance so as to protect and enhance long-term shareholders’ value. It provides entrepreneurial leadership, sets strategic aims, and ensures that the necessary financial and human resources are in place for the Company and its subsidiaries (collectively the “Group”) to meet its objectives. The Board also establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets. The Board reviews Management’s performance, sets the Company’s values and standards (including ethical standards), and ensures that obligations to shareholders and others are understood and met.

To assist in the execution of its responsibilities, the Board has established the Executive Committee (“EC”), the Audit Committee (“AC”), the Nominating Committee (“NC”), the Remuneration Committee (“RC”) and the Enterprise Risk Management Committee (“ERM”) (collectively, the “Board Committees”).

Matters that require Board approval include material investment and divestment proposals, major corporate or financial restructuring, key operational initiatives, major fund raising exercises, announcement of financial statements, audited financial statements, proposals of dividends and authorisation of material interested person transactions. Other matters are delegated by the Board to the Board Committees and monitored by the Board.

The Board meets at least twice a year and ad-hoc meetings are convened as and when they are deemed necessary. In addition to these meetings, corporate events and actions requiring Board approval were discussed over the telephone and resolutions passed by way of directors’ resolutions in writing. Board and Board Committees also hold informal meetings and discussions amongst themselves and/or with Management from time to time. The Company’s Constitution (“Constitution”) provides for telephonic and videoconference meetings.

Supplementary Information

The number of Board and Board Committees meetings held during the financial year ended 31 December 2015 and the attendances of the directors at these meetings are set out below:

	Board		Board Committees									
			Audit		Nominating		Remuneration		Executive		Enterprise Risk Management	
Name of Directors	A	B	A	B	A	B	A	B	A	B	A	B
Ong Hock Siang @ Ong Huat Seong	2	2	2	2*	1	1	2	2*	13	11	2	2
Ong Huat Kee	2	2	2	2*	1	1	2	2*	13	13*	2	2
Ong Huat Yew, Peter	2	2	2	2*	1	1*	2	2*	13	13	2	2
Ong Huat Choo	2	2	2	2*	1	1*	2	2*	13	12*	2	2
David Chong Tek Yew	2	2	2	2*	1	1*	2	2*	13	13	2	2
Ong Eng Waey, Abel	2	1	2	1*	1	0*	2	1*	—	—	—	—
Ong Lay May, Apple	2	1	2	1*	1	1*	2	1*	13	12*	2	2
Ong Eng Chian, Kelvin	2	2	2	2*	1	1*	2	2*	13	12	2	2
Ong Eng Mien, Malcolm [#]	2	1	2	1*	1	0*	2	1*	13	6*	2	1*
Hee Theng Fong	2	1	2	1	1	1	2	1	—	—	—	—
Lim Lee Meng	2	2	2	2	1	1	2	2	—	—	—	—
Tham Khuan Heng	2	2	2	2	1	1	2	2	—	—	—	—

Notes : A - represents number of meetings held
 B - represents number of attendance
 * - by invitation
 # - appointed on 28 May 2015

Newly appointed directors are briefed by Management on the Group's business activities, strategic directions, policies and the regulatory environment in which it operates, as well as their statutory and other duties and responsibilities as directors. When required, the Group provides appropriate training and education program for the new directors.

To ensure that the directors keep pace with regulatory changes that have important bearing on the Company's or directors' disclosure obligations, the directors are briefed on such changes during Board meetings or specially convened sessions by professionals. All directors are updated regularly concerning any changes in major Company policies. The non-executive directors can also request further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from Management. The executive directors will make the necessary arrangements for the briefings, informal discussions or explanations required.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment 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.

Supplementary Information

Currently, the Board consists of four executive directors, five non-executive and non-independent directors and three independent directors (one of whom is a lead independent director). Although the number of independent directors does not make up one-third of the Board, the Board considers the independent element on the Board to be unimpaired and believes that there are sufficient independent elements that enable the Board to discharge its duties and responsibilities.

Given the nature and scope of the Company's operations, the Board is of the view that its current size is sufficient and appropriate. The Board comprises suitably-qualified directors who provide the Company with a good balance of accounting, finance, legal and management's expertise and experience, complemented by sound industry knowledge.

The Board has three independent members, representing 25% of the Board. They are Mr Hee Theng Fong, Mr Lim Lee Meng and Ms Tham Khuan Heng. Ms Tham Khuan Heng is also the lead independent director. The criterion for independence is based on the definition set out in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment. The Board has carried out its annual evaluation of the independence of each of the three independent directors, taking into account whether the directors are independent in character and judgment and are free from relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgment. Notwithstanding that each of the three independent directors has served on the Board for more than nine years, the Board has rigorously reviewed and is unanimous in its evaluation that the three independent directors continue to exercise strong independent judgment after having reviewed and considered factors such as their conduct at Board level (where they have contributed effectively by providing objective views, raising valid questions and objectively challenging Management at the Board and Board Committee Meetings), their professionalism, lack of conflict of interests and the strong standings in their respective fields of expertise.

Non-executive directors and independent directors exercise no management functions in the Company or any of its subsidiaries. Although all the directors have equal responsibility for the performance of the Group, the role of the non-executive directors and independent directors are particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take account of the long-term interests, not only of the shareholders of the Company ("Shareholders"), but also of the employees, customers and suppliers. Where necessary, non-executive directors and independent directors may meet without the presence of Management or executive directors to consider matters that must be raised privately.

The Board considers its independent directors to be of sufficient calibre and numbers, and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The independent directors have no financial or contractual interests in the Group other than by way of their fees. Their service is not pensionable.

Chairman, President and Managing Director

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.

Supplementary Information

The Group keeps the posts of Chairman, President and Managing Director separate. Mr Ong Hock Siang @ Ong Huat Seong is the Chairman of the Board and Mr Ong Huat Yew, Peter is the President. Notwithstanding the fact that they are brothers and executive directors of the Company, there is a clear division of responsibilities between the Chairman and the President, which ensures there is a balance of power and authority at the top tier of the Group. Mr David Chong Tek Yew is the Managing Director. Mr Chong is not related to Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Yew, Peter.

The Chairman holds an executive position as he has considerable industry experience and remains involved in significant corporate matters, especially those of strategic nature. The Chairman's main responsibility to the Board is to lead the Board to ensure its effectiveness on all aspects of its role and set its agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues, promote a culture of openness and debate at the Board, ensure that the directors receive complete, adequate and timely information, ensure effective communication with Shareholders, encourage constructive relations within the Board and between the Board and Management, facilitate the effective contribution of non-executive directors, in particular and promote high standards of corporate governance.

The President and the Managing Director are responsible for the implementation of the Group's strategies and policies and the conduct of the Group's day-to-day business.

The lead independent director and the independent directors meet periodically without the presence of the other directors and the lead independent director provides feedback to the Chairman after such meetings.

As no one individual holds considerable concentration of power, the Board is of the view that the objectives of the Code have been met.

Board Membership

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

The NC comprises five directors, three of whom are independent directors, one non-executive and non-independent director and one executive director. The independent directors who are members of the NC are Mr Hee Theng Fong (Chairman), Mr Lim Lee Meng and Ms Tham Khuan Heng, while the non-executive and non-independent director is Mr Ong Huat Kee and the executive director is Mr Ong Hock Siang @ Ong Huat Seong.

The responsibilities of the NC include that of re-nomination of directors, having regard to each director's contribution and performance as well as annual determination of whether or not a director is considered independent for purposes of the Code.

The NC considers and makes recommendations to the Board concerning the appropriate size and needs of the Board, having regard to the appropriate skill mix, personal qualities and experience required for the effective performance of the Board. The NC considers and makes recommendations to the Board regarding the maximum number of listed company board representations each director may hold, having considered factors such as the director's ability to commit time and effort to the affairs of the Company, the competence of fellow directors, the strength of the management team, the types of listed companies involved, the frequency of meetings and the financial year end of the listed companies involved. During the year, the NC recommended and the Board approved, that the maximum number of listed company board representations each director may hold shall not be more than six. Each of the directors has complied with this requirement.

Supplementary Information

The NC also recommends all appointments and retirement of directors and, where applicable, considers candidates to fill new positions created by expansion and vacancies that occur by resignation, retirement or for any other reason. No member of the NC participated in deliberations or decisions on recommendations for his/her re-nomination to the Board.

Where there is a need to appoint a new director, suitable candidates are sourced through the contacts of the directors or Management or through other external sources. The NC will then assess the candidate's suitability based on certain objective criteria such as character, judgment, business experience and acumen, and makes its recommendation to the Board. Where a director has multiple board representations, the NC will evaluate whether or not a director is able to and has been adequately carrying out his or her duties as a director of the Company. Final approval of a candidate is determined by the Board.

In appointing directors, the Board considers the range of skills and experience required in the light of:-

- (a) the geographical spread and diversity of the Group's businesses;
- (b) the strategic direction and progress of the Group;
- (c) the current composition of the Board; and
- (d) the need for independence.

The Company's Constitution provides that at each annual general meeting of the Company, at least one-third of the directors for the time being shall retire from office by rotation. In addition, the Company's Constitution provides for all directors to retire from office at least once every three years. A retiring director is eligible for re-election at the annual general meeting. The NC has recommended the re-election of Mr Ong Eng Chian, Kelvin, Mr Lim Lee Meng and Mr Hee Theng Fong as directors of the Company at the forthcoming annual general meeting.

The Company's Constitution provides that any director appointed by the Board shall hold office until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are retired by rotation under the above Constitution. The NC has recommended the re-election of Mr Ong Eng Mien, Malcolm as a director of the Company at the forthcoming annual general meeting.

Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Kee who are over the age of 70 were re-appointed as directors to hold office from the date of the last annual general meeting (held on 28 April 2015) until this annual general meeting under section 153(6) of the Act. Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As their appointment lapses at this annual general meeting, Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Kee will have to be re-appointed to continue in office. Upon their re-appointment at the conclusion of the annual general meeting, going forward, both, Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Kee will no longer be subject to shareholders' approval under section 153(6) of the Act as repealed. Both, Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Kee will then be subject to retirement by rotation under the Company's Constitution.

In the opinion of the NC and the Board, Mr Hee Theng Fong, Mr Lim Lee Meng and Ms Tham Khuan Heng are considered independent. For those directors who hold multiple board representations in public listed companies, the Board is of the view that such multiple representations will not affect their abilities to carry out their respective duties as directors of the Company.

Supplementary Information

As at the date of this report, the members of the Board and their details are set out below:

Name of director	Ong Hock Siang @ Ong Huat Seong	Ong Huat Kee	Ong Huat Yew, Peter	Ong Huat Choo
Brief write-up on background and working experience	Please refer to Group Management Team	Mr Ong is a Non- Executive and Non-Independent Director. Prior to December 2010, he was an Executive Director of the Company.	Please refer to Group Management Team	Mr Ong is a Non- Executive and Non-Independent Director. Prior to December 2010, he was the Deputy Managing Director/ Executive Director of the Company.
Academic and professional qualifications	Bachelor of Economics and Political Science	Bachelor of Economics	–	–
Date of appointment/ (last re-election)	19 November 1966 (28 April 2015)	23 August 1970 (28 April 2015)	23 August 1970 (25 April 2014)	20 September 1974 (25 April 2014)
Nature of appointment	Chairman/ Executive Director	Deputy Chairman/ Non-Executive and Non-Independent Director	President/ Executive Director	Non-Executive and Non-Independent Director
Board committees served	Member of EC, NC and ERM	Member of NC and ERM	Chairman of ERM and Member of EC	Member of ERM
Present directorships in listed companies	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited
Past years directorships in listed companies	–	–	–	–

Supplementary Information

Name of director	David Chong Tek Yew	Ong Eng Waey, Abel	Ong Lay May, Apple	Ong Eng Chian, Kelvin
Brief write-up on background and working experience	Please refer to Group Management Team	Mr Ong is a Non-Executive and Non-Independent Director. Prior to March 2006, he was an Executive Director of the Company.	Ms Ong is a Non-Executive and Non-Independent Director. Prior to December 2010, she was an Executive Director of the Company.	Please refer to Group Management Team
Academic and professional qualifications	Bachelor of Commerce, Chartered Accountant	Bachelor of Arts	Bachelor of Science	Bachelor of Engineering
Date of appointment/ (last re-election)	1 July 1998 (25 April 2014)	27 October 1993 (28 April 2015)	27 October 1993 (28 April 2015)	17 July 2006 (25 April 2013)
Nature of appointment	Managing Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Deputy Managing Director
Board committees served	Member of EC and ERM	–	Member of ERM	Member of EC and ERM
Present directorships in listed companies	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited
Past years directorships in listed companies	–	–	–	–

Supplementary Information

Name of director	Ong Eng Mien, Malcolm	Hee Theng Fong	Lim Lee Meng	Tham Khuan Heng
Brief write-up on background and working experience	Mr Ong is currently the managing director of Bowater Asia Pte Ltd. He has more than 25 years of sales and marketing experience in the pulp and paper industry primarily in the Asia and Pacific region.	Mr Hee is currently a consultant of Harry Elias Partnership LLP and has been practising as an advocate for more than twenty years. He is also a director of several public listed companies.	Mr Lim is currently a senior partner (non-practising) of RSM Chio Lim, a member firm of RSM International and has more than twenty years of experience in the profession. He also sits on the boards of several public listed companies.	Ms Tham was appointed the lead independent director in 2012. She was chief financial officer of a public listed company and a partner of an international public accounting firm.
Academic and professional qualifications	Bachelor of Business Administration - Finance	LLB (Hons)	CA (Singapore), MBA, ACIS, Diploma in Business Law	CA (Singapore)
Date of appointment/ (last re-election)	28 May 2015	1 May 1997 (25 April 2013)	1 May 1997 (25 April 2013)	17 April 2003 (28 April 2015)
Nature of appointment	Non-Executive and Non-Independent Director	Independent Director	Independent Director	Lead Independent Director
Board committees served	–	Chairman of NC; Member of AC and RC	Chairman of RC; Member of AC and NC	Chairperson of AC; Member of NC and RC
Present directorships in listed companies	Tye Soon Limited	Tye Soon Limited Datapulse Technology Limited YHI International Limited Delong Holdings Limited First Resources Limited	Tye Soon Limited ARA Asset Management (Fortune) Limited ARA Trust Management (Suntec) Limited ARA-CWT Trust Management (Cache) Limited Teckwah Industrial Corporation Limited	Tye Soon Limited

Supplementary Information

Name of director	Ong Eng Mien, Malcolm	Hee Theng Fong	Lim Lee Meng	Tham Khuan Heng
Past years directorships in listed companies	–	Sinomem Technology Limited	Europtronic Group Limited Datapulse Technology Limited	–

Particulars of interests of directors who held office at the end of the financial year in shares and share options in the Company and its subsidiaries are set out in the Directors' Statement.

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.

The NC conducted a formal assessment on the performance of the Board as a whole in the form of a questionnaire with input from all Board members. The NC is of the view that assessment on the performance of the Board as a whole is adequate.

The NC considers a set of quantitative and qualitative performance criteria in evaluating the Board's performance, such as revenue and profit growth, return on equity, the success in implementing strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board.

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.

The directors receive a regular supply of information from Management about the Group so that they are equipped to participate at Board meetings. Detailed Board papers are prepared for each Board meeting and are circulated in advance of each meeting. The Board papers include sufficient information on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at the Board meetings. The Board receives monthly reports from Management providing updates on the Group's results and financial position.

All directors have unrestricted access to the Company's records and information. The directors may also liaise with Management as and when required to seek additional information. In addition, the directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all Board meetings.

Should a director seek independent professional advice concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a director, the Board will appoint a professional adviser to assist such director at the Company's expense.

Supplementary Information

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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.

The RC comprises three independent directors, namely Mr Lim Lee Meng (Chairman), Mr Hee Theng Fong and Ms Tham Khuan Heng.

The RC has access to information regarding human resource matters within the Group and, if necessary, expert advice from outside the Group.

The RC reviews and approves recommendations on remuneration packages for the Chairman and the other executive directors based on the performance of the Group and the individual director. No director individually decides his or her own remuneration. The RC also reviews remuneration packages for key executives of the Company. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The RC's recommendations are submitted for endorsement by the Board.

The RC also reviews the company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

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 should avoid paying more than is necessary for this purpose.

Annual reviews of the compensation of directors are carried out by the RC to ensure that the executive directors and senior management are appropriately rewarded, giving due regard to the financial and business needs of the Group. In setting remuneration packages, the Company also takes into account the performance of the Company and the individuals, giving consideration to the competitive situation and the combination of fixed and variable remuneration while aligning the interests of the employees with that of the Shareholders.

The remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate senior management of the Group and executive directors of the Company.

The RC is of the opinion that the executive directors and senior management of the Group are not excessively compensated, taking into consideration their responsibilities, skills, expertise and contributions to the Group's performance. The remuneration for the executive directors and the senior management comprise a basic salary and a variable component, which is the annual bonus. The annual bonus is tied to the performance of the Group and the individual's performance.

Supplementary Information

The service contracts of the executive directors do not contain any onerous compensation commitments on the part of the Company in the event of termination. The variable components of the remuneration of the executive directors and key management personnel are not excessive. In view of this, contractual provisions to allow the Company to reclaim variable components of their remuneration paid in prior years have not been put in place. However, the Company will consider such contractual provisions when necessary.

Non-executive directors and independent directors are paid a fixed fee after taking into account the effort, time spent and responsibilities of each such director. The directors' fees of directors are recommended for Shareholders' approval at an annual general meeting. No member of the RC participated in deliberations or decisions on recommendations for his/her director's fee.

The Company currently does not have any long-term incentive scheme but the Board recognises the virtue of such schemes and will implement one when the Board considers the circumstances suitable.

Disclosure of Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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.

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2015 is set out below:

Remuneration bands	Salary (%)	Bonus (%)	Fee (%)	Allowances and other benefits (%)	Total (%)
Directors					
S\$250,000 to S\$500,000					
Ong Hock Siang @ Ong Huat Seong	74	4	7	15	100
Ong Huat Yew, Peter	71	4	7	18	100
David Chong Tek Yew	75	4	8	13	100
Below S\$250,000					
Ong Eng Chian, Kelvin	61	7	12	20	100
Ong Huat Kee	—	—	100	—	100
Ong Huat Choo	—	—	100	—	100
Ong Eng Waey, Abel	—	—	100	—	100
Ong Lay May, Apple	—	—	100	—	100
One Eng Mien, Malcolm	—	—	100	—	100
Hee Theng Fong	—	—	100	—	100
Lim Lee Meng	—	—	100	—	100
Tham Khuan Heng	—	—	100	—	100

Supplementary Information

Name of key executive (who is not a director) (In alphabetical order)	Salary (%)	Bonus (%)	Allowances and other benefits (%)	Total (%)
S\$250,000 to S\$500,000				
Lai Choy Tong	70	16	14	100
Below S\$250,000				
Frank Viola	90	–	10	100
Chua Kiong Min	77	6	17	100
Ng Sean Poh	76	6	18	100

The Company has disclosed the remuneration of only four key executives, as there were only four management personnel (who are also not directors) whom the Company has identified as key executives. None of the directors have any immediate family member who is an employee of the Group for the financial year ended 31 December 2015.

The Company did not disclose the remuneration of the directors and the key executives in dollar terms because such disclosure can adversely affect the Company's talent retention efforts.

ACCOUNTABILITY AND AUDIT

Accountability

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

In presenting the financial statements for the first half and the full financial year to Shareholders, it is the aim of the Board to provide Shareholders with a balanced assessment of the Group's performance, position and prospects. The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST. Management currently provides the directors with management accounts of the Group's performance, position and prospects on a monthly basis.

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.

The Group has in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management process in the Group. The ERM Framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. Using a matrix, the significant operational, financial and compliance risks of the Group have been established and mapped against existing strategies, policies, people and processes together with internal control systems including financial,

Supplementary Information

operational, compliance and information technology controls and reporting mechanisms. The ownership of key risks lies with respective Heads of Corporate/Business Units who are responsible for implementing a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. During the financial year, the Group has implemented a control self-assessment program for its major business units. Risk owners of these business units carry out control self-assessments of key internal controls that mitigate key risks. Self-assessments of internal control are based on a set of qualitative assessment criteria. Internal audit conducts separate audits that involve testing the adequacy and effectiveness of internal controls to validate risk owner's rating of the strength of internal controls.

The key risks, risk appetite and parameters, and key risk indicators of the Group are reviewed and deliberated by the Enterprise Risk Management Committee ("ERMC") on a regular basis and reported to the Board twice a year. The ERMC is chaired by the President and comprises four executive directors and three non-executive and non-independent directors. The Board reviews the adequacy and effectiveness of the ERM framework against recommended practices in risk management and vis-à-vis the external and internal environment that the Group operates in. The AC, assisted by internal audit, reviews the adequacy and effectiveness of internal control measures identified from the ERM Framework.

To ensure that risk management processes and internal controls are adequate and effective, the Board is further assisted by various independent professionals. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. The internal auditor provides assurance that controls over the key risks of the Group are adequate and effective. In addition, the Board also received assurance from the Managing Director and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and that the Company's risk management and internal control systems are adequate and effective.

Based on the framework established, control self-assessments by management and reviews by both the internal and external auditors during the year, together with assurance from the Managing Director and the Group Financial Controller, the Board, with the concurrence of the AC, is of the opinion that, pursuant to Rule 1207(10) of the Listing Manual of SGX-ST, the Group's risk management systems and internal controls are adequate and effective in addressing financial, operational and compliance risks which the Group considers relevant and material to its operations.

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

Audit Committee

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

The AC is currently chaired by Ms Tham Khuan Heng and comprises two other directors, namely Mr Lim Lee Meng and Mr Hee Theng Fong. All three members of the AC are independent directors.

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The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC meets periodically with the Group's external and internal auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained in the Group. The external and internal auditors have unrestricted access to the AC. The AC members also meet at least once each year on their own to discuss matters concerning the Company, without Management being present.

The AC also monitors proposed changes in accounting policies, reviews the internal audit functions and discusses the accounting and financial implications of major transactions. In addition, the AC reviews the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by Management.

The functions of the AC include:

- (a) reviewing the audit plans and scope of audit examination of the external auditors, and approving the audit plans of the internal auditors;
- (b) reviewing the nature and extent of non-audit services, performed by the external auditors;
- (c) making recommendations to the Board on the appointment, re-appointment and removal of the internal and external auditors, and approving the remuneration and terms of engagement of the internal and external auditors;
- (d) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- (e) evaluating the overall effectiveness of both the internal and external audits, through regular meetings with each group of auditors;
- (f) evaluating the overall effectiveness of the internal audit function;
- (g) determining that no restrictions are being placed by Management upon the work of the internal and external auditors;
- (h) evaluating the adequacy of the internal control systems of the Group, by reviewing written reports from the internal and external auditors, and Management's responses and actions, to correct any deficiencies;
- (i) evaluating adherence to the Group's administrative, operating and internal accounting controls;
- (j) reviewing the annual and half-year financial statements, and announcements to shareholders, before submission to the Board for adoption;
- (k) reviewing interested person transactions, to ensure that they are on normal commercial terms and are not prejudicial to the interests of the Company or its Shareholders; and
- (l) considering other matters as requested by the Board.

Supplementary Information

The Company has in place a whistle-blowing policy. The AC reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up actions.

The AC is authorised to investigate any matter within its terms of reference, and has full access to Management and also full discretion to invite any director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. Annually, the AC meets with the internal auditors and the external auditors separately, without the presence of management. This is to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, the independence and objectivity of the external auditors and the observations of the auditors.

The AC has kept abreast of accounting standards and issues that could potentially impact financial reporting through briefing sessions, regular updates and advice from internal and external auditors, and attended seminars conducted by relevant institutes.

The AC reviewed the independence and objectivity of the external auditors through discussions with them, confirmation by them, as well as nature and extent of non-audit services provided by the external auditors during the financial year under review. The amount of non-audit fees paid to KPMG LLP was \$19,350. In the opinion of the AC, the non-audit services would not affect the independence of the external auditors.

The AC has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors of the Company at the forthcoming annual general meeting.

With regard to the appointment of auditors, the Company has complied with the requirements under Rules 712 and 715 of the listing manual of the SGX-ST.

Internal Audit

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

The internal audit function assists the Board in assessing key internal controls through a structured review and assessment program. The Company has established an in-house internal audit function led by an experienced internal auditor. The internal auditor directly reports and has unrestricted access to the AC. Administratively, the internal auditor reports to the Managing Director of the Company.

To ensure that the internal audit function of the Company is independent of the activities which it audits, adequately resourced and has appropriate standing within the Company, the AC has directed that the internal auditor should meet or exceed the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditor have unrestricted access to all the company's documents, records, properties and personnel.

The internal auditor operates within the terms of reference stated in the Internal Audit Master Plan which is approved by the AC annually. During the financial year, the internal auditor reviewed the adequacy and effectiveness of controls over the Group's key risks, including financial, operational and compliance controls. Any control weaknesses identified, together with recommendations for improvement are reported to the AC. The follow up actions by Management to improve the control weaknesses are closely monitored.

Supplementary Information

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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.

The Company believes in treating all shareholders fairly and equitably. The Company will keep all shareholders sufficiently informed of changes in the Company or its business which would likely to materially affect the price or value of the Company's shares. Shareholders of the Company have the opportunity to participate effectively in and vote at general meetings, where relevant information of the rules, including voting procedures, that govern such meetings will be clearly communicated.

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.

The Company believes in timely and accurate dissemination of information to Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Companies Act. The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released either before or concurrently with, such meetings. Communication to Shareholders is normally made through:-

- (a) annual reports that are prepared and issued to all Shareholders;
- (b) semi-annual financial results containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for annual general meetings and extraordinary general meetings;
- (d) disclosures to the SGX-ST; and
- (e) the Group's website at <http://www.tyesoon.com> at which Shareholders can access information on the Group.

In addition, Shareholders are encouraged to attend general meetings of the Company to ensure a high level of accountability. General meeting represents the principal forum for dialogue and interaction with Shareholders. The Company recognises the value of feedback from Shareholders. The Company has taken steps to solicit and understand the views of the Shareholders, especially during the annual general meetings, Shareholders are given ample time and opportunities to air their views and concerns.

Supplementary Information

Conduct of Shareholder Meetings

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.

The Company's Constitution allow Shareholders to appoint up to two proxies to attend and vote at general meetings. Separate resolutions are proposed at general meetings for each distinct issue.

The Chairpersons of the AC, NC and RC will normally be present at all general meetings to address questions at general meetings. External auditors are also present to assist the directors in addressing any queries by Shareholders. Minutes of general meetings of the Company are available to Shareholders upon request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

2. INTERESTED PERSON TRANSACTIONS

No interested person transactions of S\$100,000 or more were entered into during the financial year ended 31 December 2015.

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the directors, or controlling shareholder during the financial year ended 31 December 2015.

4. DEALINGS IN SECURITIES

During the financial year under review, the Company has complied with Rule 1207(19) of the listing manual of the SGX-ST with respect to dealings in securities.

The Company has an internal policy to provide guidance to its directors, officers, executives, and any other persons as determined by Management that may possess unpublished material price-sensitive information of the Group ("Applicable Persons"), setting out *inter alia*, the following:-

- (a) the implications of insider trading,
- (b) advising Applicable Persons not to trade in the Company's securities on short term considerations; and
- (c) a black out period for trading in the Company's securities commencing one month before the release of the Company's half year and full year financial results and ending on the date of the announcement of the relevant financial results.

The Company's internal policy is in line with the best practices on dealing in securities provided in Rule 1207(19) of the listing manual of the SGX-ST.

Shareholding Statistics

As at 16 March 2016

Number of issued ordinary shares	:	87,265,029
Issued and paid-up capital	:	S\$38,057,146.05
Number of treasury shares held	:	Nil
Class of shares	:	Ordinary shares each with equal voting rights

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	13	0.30	724	0.00
100 – 1,000	1,962	45.86	1,345,890	1.54
1,001 - 10,000	1,939	45.33	7,005,277	8.03
10,001 - 1,000,000	356	8.32	19,758,295	22.64
1,000,001 and above	8	0.19	59,154,843	67.79
	4,278	100.00	87,265,029	100.00

Shareholdings Held in Hands of Public

Based on information available to the Company as at 16 March 2016, approximately 31.89% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder		%
1	OBG & Sons Pte Ltd	45,064,359	51.64
2	Ong Huat Yew, Peter	2,746,767	3.15
3	Ong Huat Choo	2,684,100	3.08
4	Ong Hock Siang @ Ong Huat Seong	2,235,071	2.56
5	Ong Huat Kee	1,834,767	2.10
6	Ong Eng Waey, Abel	1,653,447	1.89
7	Ong Yuu Kock	1,552,666	1.78
8	David Chong Tek Yew	1,383,666	1.59
9	Hong Leong Finance Nominees Pte Ltd	906,666	1.04
10	Kok Wen Fatt	789,000	0.90
11	Lee Seck Yee	784,666	0.90
12	Kuan Bon Heng	779,000	0.89
13	Ong Eng Keng, Michael	731,780	0.84
14	Ong Lay May, Apple	600,000	0.69
15	United Overseas Bank Nominees Pte Ltd	493,600	0.57
16	DBS Nominees Pte Ltd	410,032	0.47
17	OCBC Securities Private Ltd	402,047	0.46
18	Tan Heng Lee Co Pte Ltd	400,000	0.46
19	Maybank Kim Eng Securities Pte Ltd	398,298	0.46
20	Ong Eng Chian, Kelvin	366,708	0.42
		66,216,640	75.89

Shareholding Statistics

As at 16 March 2016

Substantial Shareholders as at 16 March 2016

(as shown in the Company's Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
OBG & Sons Pte Ltd	45,064,359	51.64	—	—

Based on the Company's Register of Substantial Shareholders, OBG & Sons Pte Ltd (OBG) has a direct interest in 45,064,359 ordinary shares in the capital of the Company and no person is deemed to be interested in the shares held by OBG in the Company.

Directors' Shareholdings in Tye Soon Limited as at 21 January 2016 (as shown in the Company's Register of Directors)

Ordinary shares fully paid

Name of Directors	Direct Interests	Percentage (%) of issued capital	Deemed interest	Percentage (%) of issued capital
Ong Hock Siang @ Ong Huat Seong	2,235,071	2.56	48,666	0.06
Ong Huat Kee	1,834,767	2.10	—	—
Ong Huat Yew, Peter	2,746,767	3.15	—	—
Ong Huat Choo	2,684,100	3.08	—	—
Ong Lay May, Apple	600,000	0.69	—	—
Ong Eng Chian, Kelvin	366,708	0.42	—	—
David Chong Tek Yew	1,383,666	1.59	—	—
Ong Eng Waey, Abel	1,653,447	1.89	—	—
Ong Eng Mien Malcolm	52,666	0.06	—	—
Hee Theng Fong	—	—	—	—
Lim Lee Meng	—	—	—	—
Tham Khuan Heng	—	—	—	—

Notice of 60th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 60th Annual General Meeting (**60th AGM**) of Tye Soon Limited (**Company**) will be held at Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 28 April 2016 at 10:00 am for the following purposes:

As Ordinary Business

Ordinary Resolution No.

1. To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2015, together with the auditors' report thereon. **(Resolution 1)**
2. To approve directors' fees of S\$538,000 payable by the Company for the financial year ended 31 December 2015 (2014: S\$494,000). **(Resolution 2)**
3. To re-elect the following directors who are retiring by rotation under Article 104 of the Company's constitution (**Constitution**) and who, being eligible, offer themselves for re-election:
 - (a) Mr Ong Eng Chian, Kelvin; **(Resolution 3)**
 - (b) Mr Lim Lee Meng; and **(Resolution 4)**
 - (c) Mr Hee Theng Fong. **(Resolution 5)**
4. To re-elect Mr Ong Eng Mien Malcolm, who is retiring by rotation under Article 108 of the Company's Constitution and who, being eligible, offer himself for re-election. **(Resolution 6)**
5. To re-appoint the following directors of the Company, who are retiring under the resolution passed at the Annual General Meeting of the Company held on 28 April 2015 pursuant to section 153(6) of the Companies Act, Chapter 50 (which was then in force):
 - (a) Mr Ong Hock Siang @ Ong Huat Seong; and **(Resolution 7)**
 - (b) Mr Ong Huat Kee. **(Resolution 8)**
6. To declare a final tax exempt one-tier dividend of 0.861 cents per ordinary share for the financial year ended 31 December 2015. **(Resolution 9)**
7. To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2016 and to authorise the directors to fix their remuneration. **(Resolution 10)**
8. To transact any other ordinary business that may properly be transacted at an annual general meeting.

Notice of 60th Annual General Meeting

As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:

9. Authority to allot and issue shares

That, authority be and is hereby given to the directors of the Company to:

- (a) (i) issue shares in the capital of the Company (**Shares**) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements, or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the directors while this resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued under this resolution (including Shares to be issued in pursuance of the Instruments made or granted under this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (**SGX-ST**) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act, Chapter 50, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

Notice of 60th Annual General Meeting

- (4) (unless revoked or varied by the Company in general meeting) the 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 of the Company is required by law to be held, whichever is the earlier. **(Resolution 11)**

By Order of the Board of Directors

EVELYN WEE KIM LIN
Company Secretary
Tye Soon Limited

11 April 2016
Singapore

Notes:

1. The Chairman of the 60th AGM will be exercising his right under regulation 70 of the Company's Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members at the 60th AGM and at any adjournment thereof. Accordingly, each resolution at the 60th AGM will be voted on by way of poll.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. Where such member's form of proxy appoints more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the appointments shall be invalid unless the member's form of proxy specifies the number and class of shares in relation to which each proxy has been appointed.

"relevant intermediary" has the meaning ascribed to it in section 181 of the Companies Act, Chapter 50.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 3C Toh Guan Road East, #01-03, Singapore 608832 not less than 48 hours before the time appointed for holding the meeting.

Explanatory Notes and Statement under Article 63(3) of the Company's Constitution

Resolution 4

If re-elected, Mr Lim Lee Meng will remain as member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company and will also remain as the Chairman of the Remuneration Committee of the Company. He is considered an independent director.

Resolution 5

If re-elected, Mr Hee Theng Fong will remain as member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company and will also remain as the Chairman of the Nominating Committee of the Company. He is considered an independent director.

Resolutions 7 and 8

Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Kee are over the age of 70 years and are retiring under the resolution passed at the Annual General Meeting held on 28 April 2015 pursuant to section 153(6) of the Act which was then in force, such resolution could only permit the re-appointment of the directors to hold office until this Annual General Meeting. If passed, Resolutions 7 and 8 will approve and authorise the continuation of such directors in office from the date of this Annual General meeting onwards without limitations in tenure, save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution.

Notice of 60th Annual General Meeting

Resolution 11

The proposed Resolution 11, if passed, will empower the directors, from the date of the 60th AGM until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares, with a sub-limit of 20% for Shares issued other than on a *pro rata* basis to Shareholders.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 60th AGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the 60th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 60th AGM (including any adjournment thereof) and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over 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 agrees to provide the Company with written evidence of such prior consent upon reasonable request; and
- (iii) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND PAYMENT DATE FOR FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval by the shareholders of the final dividend (**Dividend**) at the 60th Annual General Meeting (**60th AGM**), the Register of Members and the Transfer Books of the Company will be closed at 5:00 pm on 9 May 2016 (**Books Closure Date**) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrars, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 up to 5:00 pm on the Books Closure Date will be registered to determine shareholders' entitlements to the Dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (**CDP**), the Dividend will be paid by the Company to CDP which will, in turn, distribute the Dividend entitlements to the CDP account-holders in accordance with its normal practice.

The Dividend, if so approved by shareholders, will be paid on 19 May 2016.

Special Note: Dress Code

Please be informed that the 60th AGM shall be held at the Jurong Country Club and Shareholders (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers. Your co-operation in complying with Jurong Country Club's dress code is greatly appreciated.

TYE SOON LIMITED

Registration No. 195700114W
(Incorporated in the Republic of Singapore)

60TH ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. A relevant intermediary (as defined in section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

I/We _____ (NRIC / Passport No.) _____

of _____ (Address)

being a member/members of TYE SOON LIMITED (**Company**), hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings
and/or (delete as appropriate)			

or failing him/them, the Chairman of the 60th Annual General Meeting (**60th AGM**) as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the 60th AGM of the Company to be held at Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 28 April 2016 at 10:00 am and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the 60th AGM as indicated 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 60th AGM and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please tick with "✓" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No.	Resolutions	For	Against
Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015, together with the auditors' report thereon.		
2.	To approve the directors' fees for the year ended 31 December 2015.		
3.	To re-elect Mr Ong Eng Chian, Kelvin as a director.		
4.	To re-elect Mr Lim Lee Meng as a director.		
5.	To re-elect Mr Hee Theng Fong as a director.		
6.	To re-elect Mr Ong Eng Mien Malcolm as a director.		
7.	To re-appoint Mr Ong Hock Siang @ Ong Huat Seong as a director.		
8.	To re-appoint Mr Ong Huat Kee as a director.		
9.	To declare the final dividend for the financial year ended 31 December 2015.		
10.	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
Special Business			
11.	General authority to the directors to issue shares and/or Instruments.		

Signed this _____ day of April 2016.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

Signature(s) of member(s)/Common Seal

IMPORTANT
PLEASE READ NOTES OVERLEAF



Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company (**Shares**) held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.
2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. Where such member's form of proxy appoints more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the appointments shall be invalid unless the member's form of proxy specifies the number and class of shares in relation to which each proxy has been appointed.

"relevant intermediary" has the meaning ascribed to it in section 181 of the Companies Act, Chapter 50.
5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company)) must be deposited at the registered office of the Company at 3C Toh Guan Road East #01-03 Singapore 608832 not less than 48 hours before the time appointed for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 seal or under the hand of its attorney duly authorised.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of 60th AGM.

Special Note: Dress Code

Please be informed that the 60th Annual General Meeting shall be held at the Jurong Country Club and the shareholders of the Company (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers. Your co-operation in complying with the Jurong Country Club's dress code is greatly appreciated.

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