

# **Tye Soon Limited**

Condensed interim financial statements

For the six months ended 30 June 2021

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

|                                                                                                                  |             | <b>Group<br/>6 months<br/>ended<br/>30 June 2021<br/>\$'000</b> | <b>Group<br/>6 months<br/>ended<br/>30 June 2020<br/>\$'000</b> |
|------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
|                                                                                                                  | <b>Note</b> |                                                                 |                                                                 |
| Revenue                                                                                                          | 4           | 113,629                                                         | 90,446                                                          |
| Other income                                                                                                     |             | 91                                                              | 581                                                             |
| Changes in inventories of finished goods                                                                         |             | 1,057                                                           | (3,679)                                                         |
| Cost of purchases                                                                                                |             | (89,941)                                                        | (66,782)                                                        |
| Staff costs                                                                                                      |             | (11,779)                                                        | (10,671)                                                        |
| Depreciation expenses                                                                                            |             | (2,470)                                                         | (2,428)                                                         |
| Other operating expenses                                                                                         |             | (6,736)                                                         | (5,507)                                                         |
| Finance costs                                                                                                    |             | (855)                                                           | (1,447)                                                         |
| Share of profit of an associate (net of tax)                                                                     |             | 48                                                              | –                                                               |
| <b>Profit before tax</b>                                                                                         |             | <b>3,044</b>                                                    | <b>513</b>                                                      |
| Tax expense                                                                                                      | 6           | (916)                                                           | (406)                                                           |
| <b>Profit for the period</b>                                                                                     | 7           | <b>2,128</b>                                                    | <b>107</b>                                                      |
| <b>Profit attributable to:</b>                                                                                   |             |                                                                 |                                                                 |
| Owners of the Company                                                                                            |             | 2,082                                                           | 84                                                              |
| Non-controlling interests                                                                                        |             | 46                                                              | 23                                                              |
| <b>Profit for the period</b>                                                                                     |             | <b>2,128</b>                                                    | <b>107</b>                                                      |
| <b>Earnings per share</b>                                                                                        |             |                                                                 |                                                                 |
| Basic and diluted earnings per share (cents)                                                                     | 9           | 2.39                                                            | 0.10                                                            |
| <b>Profit for the period</b>                                                                                     |             | <b>2,128</b>                                                    | <b>107</b>                                                      |
| 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 associate |             | (599)                                                           | (82)                                                            |
| Other comprehensive income for the period, net of tax                                                            |             | (599)                                                           | (82)                                                            |
| <b>Total comprehensive income for the period</b>                                                                 |             | <b>1,529</b>                                                    | <b>25</b>                                                       |
| <b>Total comprehensive income attributable to:</b>                                                               |             |                                                                 |                                                                 |
| Owners of the Company                                                                                            |             | 1,487                                                           | 1                                                               |
| Non-controlling interests                                                                                        |             | 42                                                              | 24                                                              |
| <b>Total comprehensive income for the period</b>                                                                 |             | <b>1,529</b>                                                    | <b>25</b>                                                       |

## B. Condensed interim statements of financial position

|                                                     | Note | Group<br>30 June<br>2021<br>\$'000 | Group<br>31 Dec<br>2020<br>\$'000 | Company<br>30 June<br>2021<br>\$'000 | Company<br>31 Dec<br>2020<br>\$'000 |
|-----------------------------------------------------|------|------------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|
| <b>Assets</b>                                       |      |                                    |                                   |                                      |                                     |
| Plant and equipment                                 | 11   | 910                                | 961                               | 355                                  | 326                                 |
| Right-of-use assets                                 |      | 5,994                              | 7,358                             | 1,557                                | 2,265                               |
| Goodwill                                            |      | 101                                | 102                               | –                                    | –                                   |
| Subsidiaries                                        |      | –                                  | –                                 | 24,342                               | 24,709                              |
| Associate                                           |      | 233                                | 185                               | 162                                  | 162                                 |
| Other investment                                    |      | 815                                | 815                               | 815                                  | 815                                 |
| Deferred tax assets                                 |      | 1,665                              | 1,525                             | –                                    | –                                   |
| Loan receivables                                    |      | –                                  | –                                 | –                                    | –                                   |
| <b>Non-current assets</b>                           |      | <b>9,718</b>                       | <b>10,946</b>                     | <b>27,231</b>                        | <b>28,277</b>                       |
| Current tax assets                                  |      | 147                                | 139                               | –                                    | –                                   |
| Inventories                                         | 12   | 101,367                            | 100,310                           | 32,152                               | 33,456                              |
| Trade and other receivables                         | 13   | 30,366                             | 28,525                            | 37,807                               | 37,792                              |
| Cash and cash equivalents                           |      | 22,939                             | 21,130                            | 12,864                               | 10,997                              |
| <b>Current assets</b>                               |      | <b>154,819</b>                     | <b>150,104</b>                    | <b>82,823</b>                        | <b>82,245</b>                       |
| <b>Total assets</b>                                 |      | <b>164,537</b>                     | <b>161,050</b>                    | <b>110,054</b>                       | <b>110,522</b>                      |
| <b>Equity</b>                                       |      |                                    |                                   |                                      |                                     |
| Share capital                                       | 15   | 38,057                             | 38,057                            | 38,057                               | 38,057                              |
| Reserves                                            |      | 17,904                             | 16,417                            | 1,157                                | 1,910                               |
| <b>Equity attributable to owners of the Company</b> |      | <b>55,961</b>                      | <b>54,474</b>                     | <b>39,214</b>                        | <b>39,967</b>                       |
| Non-controlling interests                           |      | 492                                | 450                               | –                                    | –                                   |
| <b>Total equity</b>                                 |      | <b>56,453</b>                      | <b>54,924</b>                     | <b>39,214</b>                        | <b>39,967</b>                       |
| <b>Liabilities</b>                                  |      |                                    |                                   |                                      |                                     |
| Loans and borrowings                                | 14   | 3,812                              | 4,371                             | 3,812                                | 4,371                               |
| Lease liabilities                                   |      | 2,837                              | 3,699                             | 376                                  | 950                                 |
| Employee benefits                                   |      | 1,221                              | 1,013                             | –                                    | –                                   |
| Deferred tax liabilities                            |      | 24                                 | 24                                | –                                    | –                                   |
| <b>Non-current liabilities</b>                      |      | <b>7,894</b>                       | <b>9,107</b>                      | <b>4,188</b>                         | <b>5,321</b>                        |
| Loans and borrowings                                | 14   | 63,999                             | 61,450                            | 50,324                               | 49,373                              |
| Lease liabilities                                   |      | 3,271                              | 3,798                             | 1,178                                | 1,365                               |
| Trade and other payables                            |      | 30,058                             | 29,611                            | 13,242                               | 13,123                              |
| Contract liabilities                                |      | 1,908                              | 1,373                             | 1,908                                | 1,373                               |
| Current tax liabilities                             |      | 954                                | 787                               | –                                    | –                                   |
| <b>Current liabilities</b>                          |      | <b>100,190</b>                     | <b>97,019</b>                     | <b>66,652</b>                        | <b>65,234</b>                       |
| <b>Total liabilities</b>                            |      | <b>108,084</b>                     | <b>106,126</b>                    | <b>70,840</b>                        | <b>70,555</b>                       |
| <b>Total equity and liabilities</b>                 |      | <b>164,537</b>                     | <b>161,050</b>                    | <b>110,054</b>                       | <b>110,522</b>                      |

### C. Condensed interim statements of changes in equity

| Group                                                                                                            | Share capital<br>\$'000 | Other capital reserves<br>\$'000 | Fair value reserve<br>\$'000 | Translation reserve<br>\$'000 | Retained earnings<br>\$'000 | Total<br>\$'000 | Non controlling interests<br>\$'000 | Total equity<br>\$'000 |
|------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
| At 1 January 2020                                                                                                | 38,057                  | 3,501                            | (105)                        | (7,323)                       | 17,967                      | 52,097          | 400                                 | 52,497                 |
| <b>Total comprehensive income for the period</b>                                                                 |                         |                                  |                              |                               |                             |                 |                                     |                        |
| Profit for the period                                                                                            | –                       | –                                | –                            | –                             | 84                          | 84              | 23                                  | 107                    |
| <b>Other comprehensive income</b>                                                                                |                         |                                  |                              |                               |                             |                 |                                     |                        |
| Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate | –                       | –                                | –                            | (83)                          | –                           | (83)            | 1                                   | (82)                   |
| <b>Total other comprehensive income</b>                                                                          | –                       | –                                | –                            | (83)                          | –                           | (83)            | 1                                   | (82)                   |
| <b>Total comprehensive income for the period</b>                                                                 | –                       | –                                | –                            | (83)                          | 84                          | 1               | 24                                  | 25                     |
| At 30 June 2020                                                                                                  | 38,057                  | 3,501                            | (105)                        | (7,406)                       | 18,051                      | 52,098          | 424                                 | 52,522                 |
| At 1 January 2021                                                                                                | 38,057                  | 3,501                            | (105)                        | (6,014)                       | 19,035                      | 54,474          | 450                                 | 54,924                 |
| <b>Total comprehensive income for the period</b>                                                                 |                         |                                  |                              |                               |                             |                 |                                     |                        |
| Profit for the period                                                                                            | –                       | –                                | –                            | –                             | 2,082                       | 2,082           | 46                                  | 2,128                  |
| <b>Other comprehensive income</b>                                                                                |                         |                                  |                              |                               |                             |                 |                                     |                        |
| Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate | –                       | –                                | –                            | (595)                         | –                           | (595)           | (4)                                 | (599)                  |
| <b>Total other comprehensive income</b>                                                                          | –                       | –                                | –                            | (595)                         | –                           | (595)           | (4)                                 | (599)                  |
| <b>Total comprehensive income for the period</b>                                                                 | –                       | –                                | –                            | (595)                         | 2,082                       | 1,487           | 42                                  | 1,529                  |
| At 30 June 2021                                                                                                  | 38,057                  | 3,501                            | (105)                        | (6,609)                       | 21,117                      | 55,961          | 492                                 | 56,453                 |

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

| Company                                                                              | Share<br>capital<br>\$'000 | Fair value reserve<br>\$'000 | Translation<br>reserve<br>\$'000 | Retained earnings<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------------------------------------------|----------------------------|------------------------------|----------------------------------|-----------------------------|-----------------|
| At 1 January 2020                                                                    | 38,057                     | (105)                        | 672                              | 3,068                       | 41,692          |
| <b>Total comprehensive income for the period</b>                                     |                            |                              |                                  |                             |                 |
| Loss for the period                                                                  | –                          | –                            | –                                | (868)                       | (868)           |
| <b>Other comprehensive income</b>                                                    |                            |                              |                                  |                             |                 |
| Foreign currency translation differences of net assets/liabilities of foreign branch | –                          | –                            | (73)                             | –                           | (73)            |
| <b>Total other comprehensive income</b>                                              | –                          | –                            | (73)                             | –                           | (73)            |
| <b>Total comprehensive income for the period</b>                                     | –                          | –                            | (73)                             | (868)                       | (941)           |
| At 30 June 2020                                                                      | 38,057                     | (105)                        | 599                              | 2,200                       | 40,751          |
| At 1 January 2021                                                                    | 38,057                     | (105)                        | 694                              | 1,321                       | 39,967          |
| <b>Total comprehensive income for the period</b>                                     |                            |                              |                                  |                             |                 |
| Loss for the period                                                                  | –                          | –                            | –                                | (731)                       | (731)           |
| <b>Other comprehensive income</b>                                                    |                            |                              |                                  |                             |                 |
| Foreign currency translation differences of net assets/liabilities of foreign branch | –                          | –                            | (22)                             | –                           | (22)            |
| <b>Total other comprehensive income</b>                                              | –                          | –                            | (22)                             | –                           | (22)            |
| <b>Total comprehensive income for the period</b>                                     | –                          | –                            | (22)                             | (731)                       | (753)           |
| At 30 June 2021                                                                      | 38,057                     | (105)                        | 672                              | 590                         | 39,214          |

#### D. Condensed interim consolidated statement of cash flows

|                                                                                   | Group<br>6 months<br>ended<br>30 June<br>2021<br>\$'000 | Group<br>6 months<br>ended<br>30 June<br>2020<br>\$'000 |
|-----------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| <b>Cash flows from operating activities</b>                                       |                                                         |                                                         |
| Profit before tax                                                                 | 3,044                                                   | 513                                                     |
| Adjustments for:                                                                  |                                                         |                                                         |
| Depreciation of plant and equipment and right-of-use assets                       | 2,470                                                   | 2,428                                                   |
| Gain on sale of plant and equipment                                               | (1)                                                     | (1)                                                     |
| Share of profit of an associate (net of tax)                                      | (48)                                                    | –                                                       |
| (Reversal of)/Impairment losses on trade receivables                              | (3)                                                     | 28                                                      |
| Write-down of inventories                                                         | 660                                                     | 457                                                     |
| Interest income                                                                   | (6)                                                     | (7)                                                     |
| Finance costs                                                                     | 855                                                     | 1,447                                                   |
| Unrealised foreign exchange (gain)/loss                                           | (12)                                                    | 66                                                      |
| Gain on derecognition of right-of-use assets                                      | (1)                                                     | (2)                                                     |
|                                                                                   | <u>6,958</u>                                            | <u>4,929</u>                                            |
| <b>Changes in working capital</b>                                                 |                                                         |                                                         |
| Changes in inventories                                                            | (2,331)                                                 | 4,639                                                   |
| Changes in trade and other receivables                                            | (2,031)                                                 | 4,826                                                   |
| Changes in trade and other payables                                               | 683                                                     | (2,137)                                                 |
| Changes in contract liabilities                                                   | 535                                                     | (187)                                                   |
| Changes in bills payable and trust receipts                                       | 4,733                                                   | (10,937)                                                |
|                                                                                   | <u>8,547</u>                                            | <u>1,133</u>                                            |
| <b>Cash generated from operating activities</b>                                   |                                                         |                                                         |
| Tax paid                                                                          | (903)                                                   | (249)                                                   |
| Interest paid for bills payable and trust receipts                                | (489)                                                   | (559)                                                   |
| <b>Net cash from operating activities</b>                                         | <u>7,155</u>                                            | <u>325</u>                                              |
| <b>Cash flows from investing activities</b>                                       |                                                         |                                                         |
| Interest received                                                                 | 6                                                       | 7                                                       |
| Proceeds from sale of plant and equipment                                         | 1                                                       | 2                                                       |
| Acquisition of plant and equipment                                                | (136)                                                   | (52)                                                    |
| <b>Net cash used in investing activities</b>                                      | <u>(129)</u>                                            | <u>(43)</u>                                             |
| <b>Cash flows from financing activities</b>                                       |                                                         |                                                         |
| Proceeds from borrowings                                                          | 5,980                                                   | 9,520                                                   |
| Repayment of borrowings                                                           | (8,588)                                                 | (10,977)                                                |
| Payment of lease liabilities                                                      | (2,172)                                                 | (2,174)                                                 |
| Interest paid for lease liabilities and unsecured bank loans                      | (378)                                                   | (980)                                                   |
| <b>Net cash used in financing activities</b>                                      | <u>(5,158)</u>                                          | <u>(4,611)</u>                                          |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       | 1,868                                                   | (4,329)                                                 |
| Cash and cash equivalents at the beginning of period                              | 21,130                                                  | 17,545                                                  |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | (59)                                                    | 51                                                      |
| <b>Cash and cash equivalents at the end of period</b>                             | <u>22,939</u>                                           | <u>13,267</u>                                           |

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Tye Soon Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office 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.

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

These condensed interim consolidated financial statements of the Group as at and for the six months ended 30 June 2021 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.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

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

#### **2.1 New and amended standards adopted by the Group**

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

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

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2021.

## **2.2. Use of judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

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

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

### ***Measurement of fair values***

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

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

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

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

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

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

### 3. Seasonal operations

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

### 4. Segment and revenue information

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that is regularly reviewed by the Group's Executive Committee ("EXCO") for the purpose of allocating resources to the segment and assessing its performance.

The Group is principally engaged in a single business line which relates to the distribution of automotive parts. Accordingly, no segmental information is presented based on business segment.

#### 4.1. Reportable segments

##### *Geographical information*

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

|                                          | Singapore<br>\$'000 | Malaysia<br>\$'000 | Australia<br>\$'000 | Thailand<br>\$'000 | South<br>Korea<br>\$'000 | Others<br>\$'000 | Total<br>\$'000 |
|------------------------------------------|---------------------|--------------------|---------------------|--------------------|--------------------------|------------------|-----------------|
| <b>6 months ended<br/>30 June 2021</b>   |                     |                    |                     |                    |                          |                  |                 |
| Total revenue from<br>external customers | 10,900              | 22,423             | 24,473              | 9,145              | 25,658                   | 21,030           | 113,629         |
| <b>6 months ended<br/>30 June 2020</b>   |                     |                    |                     |                    |                          |                  |                 |
| Total revenue from<br>external customers | 9,033               | 17,480             | 20,211              | 5,670              | 20,166                   | 17,886           | 90,446          |
| <b>30 June 2021</b>                      |                     |                    |                     |                    |                          |                  |                 |
| Non-current assets <sup>(i)</sup>        | 2,145               | 305                | 3,831               | –                  | 650                      | 307              | 7,238           |
| <b>31 December 2020</b>                  |                     |                    |                     |                    |                          |                  |                 |
| Non-current assets <sup>(i)</sup>        | 2,776               | 396                | 4,312               | –                  | 778                      | 344              | 8,606           |

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

##### *Major Customer*

For the periods ended 30 June 2021 and 2020, there was no single customer that contributed to 10% or more of the Group's revenue.

## 4.2. Disaggregation of Revenue

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

|                                     | <b>6 months<br/>ended<br/>30 June 2021<br/>\$'000</b> | <b>6 months<br/>ended<br/>30 June 2020<br/>\$'000</b> |
|-------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| <b>Primary geographical markets</b> |                                                       |                                                       |
| Singapore                           | 10,900                                                | 9,033                                                 |
| Malaysia                            | 22,423                                                | 17,480                                                |
| Australia                           | 24,473                                                | 20,211                                                |
| Thailand                            | 9,145                                                 | 5,670                                                 |
| South Korea                         | 25,658                                                | 20,166                                                |
| Others                              | 21,030                                                | 17,886                                                |
|                                     | <b>113,629</b>                                        | <b>90,446</b>                                         |

## 5. Financial assets and financial liabilities

### *Fair value versus carrying amounts*

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

| Group                                                   | Carrying amount          |                                         |                                          |                 | Fair value        |                   |                   |                 |
|---------------------------------------------------------|--------------------------|-----------------------------------------|------------------------------------------|-----------------|-------------------|-------------------|-------------------|-----------------|
|                                                         | Amortised cost<br>\$'000 | Equity investment<br>at FVOCI<br>\$'000 | Other financial<br>liabilities<br>\$'000 | Total<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>30 June 2021</b>                                     |                          |                                         |                                          |                 |                   |                   |                   |                 |
| <b>Financial assets not measured at fair value</b>      |                          |                                         |                                          |                 |                   |                   |                   |                 |
| Trade and other receivables #                           | 30,043                   | —                                       | —                                        | 30,043          |                   |                   |                   |                 |
| Cash and cash equivalents                               | 22,939                   | —                                       | —                                        | 22,939          |                   |                   |                   |                 |
|                                                         | <u>52,982</u>            | <u>—</u>                                | <u>—</u>                                 | <u>52,982</u>   |                   |                   |                   |                 |
| <b>Financial asset measured at fair value</b>           |                          |                                         |                                          |                 |                   |                   |                   |                 |
| Equity investment – at FVOCI                            | <u>—</u>                 | <u>815</u>                              | <u>—</u>                                 | <u>815</u>      | <u>—</u>          | <u>—</u>          | <u>815</u>        | <u>815</u>      |
| <b>Financial liabilities not measured at fair value</b> |                          |                                         |                                          |                 |                   |                   |                   |                 |
| Term loans                                              | —                        | —                                       | 4,684                                    | 4,684           |                   |                   |                   |                 |
| Unsecured bank loans                                    | —                        | —                                       | 15,589                                   | 15,589          |                   |                   |                   |                 |
| Bills payable and trust receipts                        | —                        | —                                       | 47,538                                   | 47,538          |                   |                   |                   |                 |
| Trade and other payables *                              | <u>—</u>                 | <u>—</u>                                | <u>29,760</u>                            | <u>29,760</u>   |                   |                   |                   |                 |
|                                                         | <u>—</u>                 | <u>—</u>                                | <u>97,571</u>                            | <u>97,571</u>   |                   |                   |                   |                 |

# Excludes prepayments.

\* Excludes provision for site restoration.

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

# Excludes prepayments.

\* Excludes provision for site restoration.

| Company                                                 | Carrying amount             |                                            |                                             |                 | Fair value        |                   |                   |                 |
|---------------------------------------------------------|-----------------------------|--------------------------------------------|---------------------------------------------|-----------------|-------------------|-------------------|-------------------|-----------------|
|                                                         | Amortised<br>cost<br>\$'000 | Equity<br>investment<br>at FVOCI<br>\$'000 | Other<br>financial<br>liabilities<br>\$'000 | Total<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>30 June 2021</b>                                     |                             |                                            |                                             |                 |                   |                   |                   |                 |
| <b>Financial assets not measured at fair value</b>      |                             |                                            |                                             |                 |                   |                   |                   |                 |
| Trade and other receivables #                           | 37,708                      | –                                          | –                                           | 37,708          |                   |                   |                   |                 |
| Cash and cash equivalents                               | 12,864                      | –                                          | –                                           | 12,864          |                   |                   |                   |                 |
|                                                         | <u>50,572</u>               | <u>–</u>                                   | <u>–</u>                                    | <u>50,572</u>   |                   |                   |                   |                 |
| <b>Financial asset measured at fair value</b>           |                             |                                            |                                             |                 |                   |                   |                   |                 |
| Equity investment – at FVOCI                            | <u>–</u>                    | <u>815</u>                                 | <u>–</u>                                    | <u>815</u>      | <u>–</u>          | <u>–</u>          | <u>815</u>        | <u>815</u>      |
| <b>Financial liabilities not measured at fair value</b> |                             |                                            |                                             |                 |                   |                   |                   |                 |
| Term loans                                              | –                           | –                                          | 4,684                                       | 4,684           |                   |                   |                   |                 |
| Unsecured bank loans                                    | –                           | –                                          | 11,638                                      | 11,638          |                   |                   |                   |                 |
| Bills payable and trust receipts                        | –                           | –                                          | 37,814                                      | 37,814          |                   |                   |                   |                 |
| Trade and other payables *                              | <u>–</u>                    | <u>–</u>                                   | <u>13,070</u>                               | <u>13,070</u>   |                   |                   |                   |                 |
|                                                         | <u>–</u>                    | <u>–</u>                                   | <u>67,206</u>                               | <u>67,206</u>   |                   |                   |                   |                 |

# Excludes prepayments.

\* Excludes provision for site restoration.

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

# Excludes prepayments.

\* Excludes provision for site restoration.

## Measurement of fair values

### (i) Valuation techniques and significant unobservable inputs

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

#### *Financial instruments measured at fair value*

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

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

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

### (iii) Level 3 fair value

There were no changes on the opening balance and closing balance for Level 3 fair value.

#### **Financial instruments not measured at fair value**

##### Other financial assets and liabilities

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

## 6. Tax expense

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

|                                                                                                 | <b>6 months<br/>ended<br/>30 June 2021<br/>\$'000</b> | <b>6 months<br/>ended<br/>30 June 2020<br/>\$'000</b> |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Current income tax expense                                                                      | 1,061                                                 | 326                                                   |
| Deferred income tax expense<br>relating to origination and reversal<br>of temporary differences | (152)                                                 | 76                                                    |
| Withholding tax                                                                                 | 7                                                     | 4                                                     |
|                                                                                                 | <u>916</u>                                            | <u>406</u>                                            |

## 7. Profit before tax

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

|                                                                   | <b>6 months<br/>ended<br/>30 June 2021<br/>\$'000</b> | <b>Group<br/>6 months<br/>ended<br/>30 June 2020<br/>\$'000</b> |
|-------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|
| Interest income                                                   | (6)                                                   | (7)                                                             |
| Government grants and supports                                    | (61)                                                  | (533)                                                           |
| Gain on sale of plant and<br>equipment                            | (1)                                                   | (1)                                                             |
| (Reversal of)/Impairment losses on<br>trade receivables           | (3)                                                   | 28                                                              |
| Gain on derecognition of right-of-<br>use assets                  | (1)                                                   | (2)                                                             |
| Finance costs                                                     | 855                                                   | 1,447                                                           |
| Depreciation of plant and<br>equipment and right-of-use<br>assets | 2,470                                                 | 2,428                                                           |
| Write-down of inventories                                         | 660                                                   | 457                                                             |
| Foreign exchange loss, net                                        | <u>234</u>                                            | <u>53</u>                                                       |

## 7.2 Other operating expenses

|                                                                        | Group                                       |                                             |
|------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
|                                                                        | 6 months<br>ended<br>30 June 2021<br>\$'000 | 6 months<br>ended<br>30 June 2020<br>\$'000 |
| Operating lease expenses                                               | 641                                         | 538                                         |
| Transportation expenses                                                | 1,471                                       | 1,287                                       |
| Impairment losses on trade<br>receivables and bad debts<br>written off | —                                           | 28                                          |
| Write-down of inventories                                              | 660                                         | 457                                         |
| Foreign exchange loss, net                                             | 234                                         | 53                                          |
| Others                                                                 | 3,730                                       | 3,144                                       |
| Total                                                                  | 6,736                                       | 5,507                                       |

## 7.3 Related party transactions

### *Transactions with key management personnel*

#### *Key management personnel compensation*

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

Key management personnel compensation comprised:

|                              | Group                                       |                                             |
|------------------------------|---------------------------------------------|---------------------------------------------|
|                              | 6 months<br>ended<br>30 June 2021<br>\$'000 | 6 months<br>ended<br>30 June 2020<br>\$'000 |
| Short-term employee benefits | 592                                         | 526                                         |
| Post-employment benefits     | 21                                          | 23                                          |
|                              | 613                                         | 549                                         |

### ***Other related party transactions***

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

|                  | <b>Group</b>                                      |                                                   |
|------------------|---------------------------------------------------|---------------------------------------------------|
|                  | <b>6 months ended<br/>30 June 2021<br/>\$'000</b> | <b>6 months ended<br/>30 June 2020<br/>\$'000</b> |
| <b>Associate</b> |                                                   |                                                   |
| - Sales          | 19                                                | 8                                                 |
| - Purchase       | 1                                                 | —                                                 |
|                  | <hr/>                                             | <hr/>                                             |

### **8. Dividends**

|                                 | <b>Group</b>                                      |                                                   |
|---------------------------------|---------------------------------------------------|---------------------------------------------------|
|                                 | <b>6 months ended<br/>30 June 2021<br/>\$'000</b> | <b>6 months ended<br/>30 June 2020<br/>\$'000</b> |
| Ordinary dividends paid:        |                                                   |                                                   |
| Dividend per share (net of tax) | —                                                 | —                                                 |
|                                 | <hr/>                                             | <hr/>                                             |

### **9. Earnings per share**

|                                                                                       | <b>6 months ended<br/>30 June 2021</b> | <b>6 months ended<br/>30 June 2020</b> |
|---------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Earnings per ordinary share for the period based on loss attributable to shareholders |                                        |                                        |
| (a) Based on the weighted average number of ordinary shares in issue; and             | 2.39 cents                             | 0.10 cents                             |
| (b) On a fully diluted basis                                                          | 2.39 cents                             | 0.10 cents                             |
|                                                                                       | <hr/>                                  | <hr/>                                  |

Basic earnings per share for the period ended 30 June 2021 was computed based on net profit attributable to shareholders of \$2,082,000 (30 June 2020: net profit of \$84,000) and weighted average number of ordinary shares of 87,265,029 (30 June 2020: 87,265,029).

Diluted earnings per share for the period ended 30 June 2021 was computed based on net profit attributable to shareholders of \$2,082,000 (30 June 2020: net profit of \$84,000) and number of ordinary shares of 87,265,029 (30 June 2020: 87,265,029).

## 10. Net asset value

|                                               | Group           |                     | Company         |                     |
|-----------------------------------------------|-----------------|---------------------|-----------------|---------------------|
|                                               | 30 June<br>2021 | 31 December<br>2020 | 30 June<br>2021 | 31 December<br>2020 |
| Net asset value per<br>ordinary share (cents) | 64.1            | 62.4                | 44.9            | 45.8                |

Net asset value per ordinary share as at 30 June 2021 was computed based on equity attributable to owners of the Company of \$55,961,000 (31 December 2020: \$54,474,000) and existing ordinary shares of 87,265,029 (31 December 2020: 87,265,029).

## 11. Plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$136,000 (31 December 2020: \$156,000).

## 12. Inventories

|                  | Group                     |                               | Company                   |                               |
|------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                  | 30 June<br>2021<br>\$'000 | 31 December<br>2020<br>\$'000 | 30 June<br>2021<br>\$'000 | 31 December<br>2020<br>\$'000 |
| Finished goods   | 90,885                    | 89,480                        | 27,792                    | 30,932                        |
| Goods-in-transit | 10,482                    | 10,830                        | 4,360                     | 2,524                         |
|                  | 101,367                   | 100,310                       | 32,152                    | 33,456                        |

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

The Group's cost of inventories recognised as expense and included in cost of purchases and changes in inventories of finished goods for the six-month period ended on 30 June 2021 amounted to \$88,884,000 (30 June 2020: \$70,461,000).

The Group's write-down of inventories to net realisable value included in other operating expenses for the six-month period ended on 30 June 2021 amounted to \$660,000 (30 June 2020: \$457,000).

### 13. Trade and other receivables

|                                               | Group                     |                               | Company                   |                               |
|-----------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                                               | 30 June<br>2021<br>\$'000 | 31 December<br>2020<br>\$'000 | 30 June<br>2021<br>\$'000 | 31 December<br>2020<br>\$'000 |
| Trade receivables                             | 27,335                    | 25,970                        | 8,929                     | 8,826                         |
| Trade amounts due<br>from subsidiaries        | —                         | —                             | 8,748                     | 8,876                         |
| Non-trade amounts<br>due from<br>subsidiaries | —                         | —                             | 18,906                    | 19,488                        |
| Other receivables                             | 2,708                     | 2,219                         | 1,125                     | 524                           |
|                                               | 30,043                    | 28,189                        | 37,708                    | 37,714                        |
| Prepayments                                   | 323                       | 336                           | 99                        | 78                            |
|                                               | 30,366                    | 28,525                        | 37,807                    | 37,792                        |

#### ***Expected credit loss (ECL) assessment***

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

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

### 14. Loans and borrowings

|                                                              | Group                     |                               | Company                   |                               |
|--------------------------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
|                                                              | 30 June<br>2021<br>\$'000 | 31 December<br>2020<br>\$'000 | 30 June<br>2021<br>\$'000 | 31 December<br>2020<br>\$'000 |
| <u>Amount repayable<br/>within one year or on<br/>demand</u> |                           |                               |                           |                               |
| Secured                                                      | —                         | —                             | —                         | —                             |
| Unsecured                                                    | 63,999                    | 61,450                        | 50,324                    | 49,373                        |
| <u>Amount repayable<br/>after one year</u>                   |                           |                               |                           |                               |
| Secured                                                      | —                         | —                             | —                         | —                             |
| Unsecured                                                    | 3,812                     | 4,371                         | 3,812                     | 4,371                         |

## 15. Share capital

|                                | The Group and the Company |               |                     |               |
|--------------------------------|---------------------------|---------------|---------------------|---------------|
|                                | 30 June 2021              |               | 31 December 2020    |               |
|                                | Number of<br>shares       | \$'000        | Number of<br>shares | \$'000        |
| Beginning of interim<br>period | 87,265,029                | 38,057        | 87,265,029          | 38,057        |
| Issue of ordinary shares       | –                         | –             | –                   | –             |
| End of interim period          | <u>87,265,029</u>         | <u>38,057</u> | <u>87,265,029</u>   | <u>38,057</u> |

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

## 16. Subsequent events

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

## **Other Information Required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Tye Soon Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### **2. Review of performance of the Group**

#### **Review of Performance**

Group turnover increased by 25.6% to \$113.6 million, a new turnover record for a six-month reporting period, just above the level achieved in 2H19. The Group's recovery amidst a difficult business environment to pre-pandemic levels was driven by the strength of its business platform as well as its ability to supply customers from inventory for those who required immediate delivery of goods. The ability to supply customers quickly gained a higher level of significance during the Covid-19 situation due to the increasing frequency of disruptions to the supply chain.

Although many export markets faced lockdown restrictions at one stage or another during 1H21, the export-based business in Singapore benefitted from having a geographically diversified customer base and a large portfolio of brands. Making a comparison with 1H20 with a Covid-impacted April and May 2020 under the Circuit Breaker, turnover for the business improved by 27.4%.

The business in South Korea carried on largely uninterrupted in 1H21 as the government did not impose a general lockdown on businesses. Despite an environment affected by the Covid-19 situation, momentum for the business picked up noticeably to register a 23.6% growth in revenue in KRW terms, or 27.2% in SGD terms, on the back of healthy customer demand and market share improvements.

The business in Australia continued to benefit from firm customer demand despite the dampening effects of intermittent lockdowns at the city or state level during the period. Momentum for the business picked up to register a growth in revenue of 9.8% in AUD terms. The growth rate recorded in SGD terms was noticeably higher at 22.1% due to the appreciation of the AUD.

The business in Malaysia encountered a challenging 1H21 due to the strong surge in Covid-19 caseloads largely through the entire period. Different levels of restrictive lockdown measures under the Movement Control Order were re-introduced from January 2021 onwards by the government. Making a comparison with 1H20 with a partially pre-Covid 1Q20 and a fully-locked down April 2020, turnover was higher by 25.4% in MYR terms, or 23.8% in SGD terms.

Total margins increased by \$4.6 million. Though the margin rate was slightly below last year's, the firm recovery in turnover from \$90.4 million in 1H20 to \$113.6 million in 1H21 restored the absolute level of gross margins.

Other income decreased by \$0.5 million as 1H21 saw the tail end of government-driven stimuli and aid programs first implemented last year in response to the onset of the Covid-19 situation by governments in certain jurisdictions the Group operates in.

Operating expenses increased by \$2.2 million due in good part to a combination of higher business performance level-based costs and the appreciation of the AUD. Of the aforesaid \$2.2 million, \$1.1 million of the increase came from staff costs, of which \$0.5 million was due to the stronger AUD (staff costs denominated in AUD translated into SGD at different foreign exchange rates) and \$0.6 million due to a higher level of business activity-based costs and other payroll adjustments. Aside from staff costs, commissions payable, logistics costs and professional fees each increased by \$0.2 million.

Profit from operations before foreign exchange loss in 1H21 amounted to \$3.3 million, compared with \$0.6 million in 1H20.

Foreign exchange loss incurred in 1H21 amounted to \$0.23 million in comparison with a loss of \$0.05 million in 1H20.

Total finance costs came down by \$0.6 million as the Group reduced the average level of borrowings during the period as well as having benefitted from lower interest rates.

Profit before tax improved from \$0.5 million in 1H20 to a profit of \$3.0 million in 1H21. The respective figures after tax were a profit of \$0.1 million in 1H20 and a profit of \$2.1 million in 1H21.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$1.5 million as compared with \$0.03 million in 1H20.

## **Balance Sheet Review**

Group inventory levels were at 6.8 months as at 30 June 2021 compared with 7.7 months as at 31 December 2020 as sales recovered to pre-pandemic levels in 1H21. Group inventory nudged up slightly by \$1.1 million from \$100.3 million as at 31 December 2020 to \$101.4 million as at 30 June 2021. The Group looks towards maintaining a steady but commensurate level of inventory to support its planned level of business. Inventory levels are, however, expected be more volatile going forward as the frequency of shipment delays and volatility in freight rates take a further hold in the shipping industry.

Group receivable levels were at 1.4 months as at 30 June 2021 compared with 1.6 months as at 31 December 2020. In absolute terms, receivable levels were at \$27.3 million as at 30 June 2021 and \$26.0 million as at 31 December 2020 in line with the recovery in business level over 1H21.

Loans and borrowings, the majority of which consisted of trade-related bills, increased by \$2.0 million from \$65.8 million as at 31 December 2020 to \$67.8 million as at 30 June 2021 in line with the recovery in business level over 1H21.

Group payable levels increased by \$0.5 million from \$29.6 million as at 31 December 2020 to \$30.1 million as at 30 June 2021.

Cash balances increased by \$1.8 million from \$21.1 million as at 31 December 2020 to \$22.9 million as at 30 June 2021.

The Group's current ratio was at 1.55 times as at 30 June 2021, about the same level as at 31 December 2020.

The Group's net gearing level was at 0.8 times as at 30 June 2021, about the same level as at 31 December 2020.

### **Cash Flow Statement Review**

Cash flows from operating activities before accounting for changes in working capital amounted to \$7.0 million for the six-month period mainly due to the improvement in the profitability of the business (please refer to the section above on Review of Performance). After accounting for changes in working capital, cash generated from operating activities amounted to \$8.5 million. Net cash from operating activities after accounting for tax and net interest paid amounted to \$7.2 million. Net cash used in investing activities amounted to \$0.1 million. Net cash used in financing activities amounted to \$5.2 million, a large portion of which was made up of net repayments for short term advances. Cash balances increased from \$21.1 million as at 1 January 2021 to \$22.9 million as at 30 June 2021.

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

The Group has not disclosed any forecast.

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

The near-term prospect of any business in the current Covid-19 situation depends much on the business segment it is engaged in as well its own ability to meet challenges currently posed. In this regard, the distribution of automotive parts in the aftermarket has remained relatively resilient globally as moving vehicles on the road require replacement parts due to the wear and tear of such parts. Supported by this inherent resilience, the Group is well-positioned to meet challenges with its strong business platform and firm financial position. The operational presence over a wide geographical area and the Group's large portfolio of brands have remained strong pillars. The focus on financial liquidity management has kept the Group's balance sheet in a good position.

1H21 progressed well. The profit level achieved was the highest since 2016, and the turnover level was a new sales record for a six-month period as the business quickly recovered to pre-pandemic levels after the decline experienced in FY20.

The external business environment, however, has recently become more vulnerable. Caseloads are currently or have recently been at historically high levels in Malaysia, South Korea and New South Wales in Australia, locations of the Group's overseas operations, as well as a number of the Group's main export markets in Southeast Asia. The resulting sentiment and the continuing unpredictability in the level and length of lockdown restrictions imposed by the respective governments have had a dampening impact on market confidence. The Group's turnover in July was affected and it remains difficult to forecast the timing for a noticeable improvement as August has started on a soft note. Market confidence and conditions will eventually improve, hopefully during the course of 2H21, as progress is made on several fronts including vaccination rates and other government response initiatives.

Despite the uncertainties mentioned above, the strength offered by its business platform helps the Group to remain in a good position to navigate the rest of the current financial year and be ready to capitalize on an eventual uptick in the business environment. The Group's progress from the low point in 2Q20 last year has been well supported on good forward momentum. Added to this momentum, the signing of the Co-operation Agreement with the Bapcor Group in April this year is expected to lead to the development of plans and initiatives intended to have a positive yield over the extended horizon.

**5. Dividend information**

**5a. Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on? No

No dividend has been declared during the period reported on. In considering whether to recommend a dividend, the Board takes into account various factors including profitability, cash flow requirements, business outlook and the prevailing general economic/market conditions. The Board has decided not to recommend a dividend on prudent grounds.

**5b. Corresponding Period of the Immediate Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

**6. Interested person transactions**

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

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

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

**8. Confirmation by the Board.**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the six-month period ended 30 June 2021 to be false or misleading in any material respects.

On behalf of the Board of Directors

David Chong Tek Yew  
Managing Director

Kelvin Ong Eng Chian  
Deputy Managing Director

12 August 2021