TYE SOON LIMITED

GLOBAL BRANDS
OUR STRENGTH

ANNUAL REPORT 2016

TYE SOON LIMITED

DISTRIBUTION EXCELLENCE

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

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

CONTENTS

CORPORATE INFORMATION

Board Of Directors
Ong Hock Siang @ Ong Huat Seong (Chairman)
Ong Huat Kee
Ong Huat Yew Peter
Ong Huat Choo
David Chong Tek Yew
Ong Lay May Apple
Ong Eng Chian Kelvin
Ong Eng Waey Abel
Ong Eng Mien Malcolm
Hee Theng Fong
Lim Lee Meng
Tham Khuan Heng
Chen Timothy Teck Leng @ Chen Teck Leng (Appointed on 8 December 2016)

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

Audit Committee
Tham Khuan Heng (Chairperson)
Hee Theng Fong
Lim Lee Meng
Chen Timothy Teck Leng @ Chen Teck Leng (Appointed on 6 March 2017)

Nominating Committee
Hee Theng Fong (Chairman)
Lim Lee Meng
Tham Khuan Heng
Ong Hock Siang @ Ong Huat Seong
Ong Huat Kee
Chen Timothy Teck Leng @ Chen Teck Leng (Appointed on 6 March 2017)

Remuneration Committee
Lim Lee Meng (Chairman)
Hee Theng Fong
Tham Khuan Heng
Chen Timothy Teck Leng @ Chen Teck Leng (Appointed on 6 March 2017)

Company Secretary
Evelyn Wee Kim Lin

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

Registrar And Share Transfer Office
M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 6227 6660

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

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

CORPORATE GROUP

Subsidiaries
Imparts Holdings Pte Ltd
Filsound Enterprise Pte Ltd
TS Motorsport Pte. Ltd.
TSC Comparts Pte. Ltd.
Everts Pte. Ltd.
Joining Enterprise Pte. Ltd.
Tokyo Motor Pte. Ltd.
Imparts Automotive Pty Ltd
Imparts Distribution Pty Ltd
Automotive Partners Asia Pty Ltd
Naga Jaya Automotive Sdn Bhd
Edaran PAL Sdn Bhd
PAL Everts Co., Ltd.
TSC Enterprise (HK) Limited
TSC Trading (Shenzhen) Company Limited
Sejong Parts Plus Limited Liability Company
PT Palindo Makmur

Associated Corporation
Lintrex (Australia) Pty Ltd

5-YEAR FINANCIAL SUMMARY

Results $'000	2012	2013	2014	2015	2016
Revenue	171,000	193,637	201,052	201,414	210,904
Profit before tax	16,922	7,581	4,011	1,102	7,373
Tax expense	(609)	(1,432)	(1,345)	(571)	(594)
Profit for the year	16,313	6,149	2,666	531	6,779
Non-controlling interests	(22)	(43)	(45)	(73)	(57)
Attributable profit	16,291	6,106	2,621	458	6,722
Earnings per share (cents)*	18.67	7.00	3.00	0.53	7.70

Financial Position $'000	2012	2013	2014	2015	2016
Property, plant and equipment	4,926	4,966	5,141	2,485	2,362
Goodwill on consolidation	127	113	109	104	105
Investment properties	1,501	-	-	-	-
Other non-current tangible assets	2,465	2,444	2,392	2,451	2,391
Current assets	122,962	140,712	142,124	155,075	157,963
Total assets	131,981	148,235	149,766	160,115	162,821
Equity attributable to owners of the Company					
Share capital	38,057	38,057	38,057	38,057	38,057
Reserves	18,681	21,063	19,728	15,512	17,090
Share capital and reserves	56,738	59,120	57,785	53,569	55,147
Non-controlling interests	60	100	146	203	258
Total equity	56,798	59,220	57,931	53,772	55,405
Current liabilities	72,682	87,696	90,596	104,842	106,633
Non-current liabilities	2,501	1,319	1,239	1,501	783
Total liabilities	75,183	89,015	91,835	106,343	107,416
Total equity and liabilities	131,981	148,235	149,766	160,115	162,821
Net tangible assets per share (cents)*	65.00	67.70	66.20	61.40	63.20

**Adjusted for share consolidation*

THE MOST PROMINENT INDEPENDENT AUTOMOTIVE PARTS DISTRIBUTOR IN SOUTHEAST ASIA

FOCUSING MAINLY ON MAINTENANCE AND REPLACEMENT AUTOMOTIVE PARTS FOR THE REGION'S VEHICLES

CHAIRMAN'S STATEMENT

Review of Performance

Turnover grew by 4.7% or $9.5 million to $210.9 million. Business picked up moderately in FY16 after a period of steady progress in FY15. The growth generated by the Group's overseas operations was encouraging despite a weak macro environment and reflects the strength of the Group's business in its target markets.

Total margins increased by $2.3 million due to the higher turnover at a largely steady gross margin rate. Overall operating expenses increased by $3.1 million mainly due to an increase in staff costs of $1.9 million and a foreign exchange loss amounting to $0.7 million. Other income decreased by $0.4 million.

The gain from the sale of the Group's properties at Waterloo Centre amounted to $7.9 million.

Profit from operations (PBIT) increased from $3.3 million to $10.0 million. Profit before tax increased to $7.4 million.

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

Current Year Prospects

Anchored by the Group's distribution network, the platform for the Group's prospects remains resilient. The Group's businesses in Singapore and Australia returned to growth in FY16, and South Korea continued to advance. Malaysia made moderate progress but was held back in SGD terms in FY16 due to the depreciation of the MYR against the SGD. Barring a further notable depreciation in the MYR, Malaysia is expected to return to growth in the current year.

The continuing volatility in foreign exchange rates remains a factor as approximately 54% of the Group's turnover is now generated by its overseas operations in foreign currencies, primarily in AUD, MYR and KRW, these being the home currencies of the Group's larger overseas operations. A stronger SGD relative to these currencies will reduce the growth rates the Group registers in SGD.

It was mentioned in last year's commentary that the Group is conscious of the need to balance its profitability objectives against continuing development, which invariably involves start-up costs to some extent. The Group has not expanded its network of Group-operated warehouse facilities in a significant way since 2H16. This restraint is intended to allow a period in which revenues are built up without a significant increase in operating cost levels, thereby helping to improve operational profitability.

Barring unforeseen circumstances, the Group is expected to remain profitable in the current financial year.

The Way Forward

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

Sale of Properties

The sale of the properties at Waterloo Centre was successfully completed on 1 March 2016 yielding a gain of $7.9 million. The Group will now continue to operate on a fixed asset-light path.

New Board Appointment

Once again, on behalf of the Board, I would like to welcome Timothy Chen to the Board of Directors. He joined us on 8 December 2016 as a non-executive independent director.

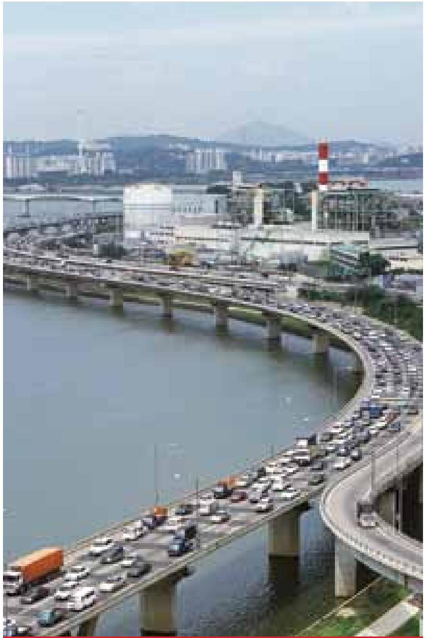
Dividend

The Board of Directors announced a final ordinary dividend amounting to $0.751 million on 17 February 2017. Together with the interim special dividend of $3.25 million and the interim ordinary dividend of $0.751 million paid out earlier in the year, total dividends for the year ended 31 December 2016 amounted to $4.752 million.

Ong Hock Siang
Chairman
23 March 2017

BUSINESS REVIEW

SYDNEY



SEOUL

JAKARTA

Turnover grew by 4.7% or $9.5 million to $210.9 million. Business picked up moderately in FY16 after a period of steady progress in FY15. The growth generated by the Group's overseas operations was encouraging despite a weak macro environment and reflects the strength of the Group's business in its target markets.

The export-based business in Singapore improved by 1.3% after experiencing a drop in the previous year. Although business sentiment remained weak in many of the Group's export markets with momentum volatile through the year, the Group's business remained resilient on the back of a diversified export market base.

In addition to efforts to regain momentum for exports, the Group continued to build its overseas operations. Business generated by the Group's overseas operations gained momentum during the year after a slow start in 1Q16. Turnover grew by 7.8% overall in FY16 in SGD terms over the previous year, by 10.0% had exchange rates between the relevant currencies and the SGD remained the same. Certain currency pairs relevant to the Group remained volatile. Comparing the average exchange rates for FY16 with FY15, the MYR/SGD and KRW/SGD depreciated by 5.1% and 2.0% respectively.

Of the Group's larger overseas operations, business in South Korea continued to advance and Australia continued on its recovery course. Malaysia experienced a slower pace of growth, partially due to the high base effect in 1Q15 as customers made higher purchases prior to the implementation of the goods and services tax on 1 April 2015. In MYR terms, turnover grew by 2.4% but in SGD terms, turnover declined by 2.8% due to the notable depreciation of the MYR against the SGD.

Total margins increased by $2.3 million due to the higher turnover at a largely steady gross margin rate.

Overall operating expenses increased by $3.1 million mainly due to an increase in staff costs of $1.9 million and a foreign exchange loss amounting to $0.7 million.

The increase in staff costs mainly reflected the increase in staff strength in South Korea and Australia amounting in aggregate to $1.5 million and an accrual of $0.4 million for the profit share for the directors in

KUALA LUMPUR

BANGKOK

connection with the gain made from the sale of the properties at Waterloo Centre in Singapore. The team in South Korea continued to be built up to support business growth and network expansion. In Australia, the team size grew to staff the five new sales and logistics facilities added in 2Q15.

Other income decreased by $0.4 million. As the leaseback period for the property at Jurong East in Singapore had expired in January 2015, there was neither rental income nor amortization of deferred income in FY16.

The gain from the sale of the Group's properties at Waterloo Centre amounted to $7.9 million.

Profit from operations (PBIT) increased from $3.3 million to $10.0 million. Finance costs increased from $2.2 million to $2.6 million. Profit before and after tax increased to $7.4 million and $6.8 million respectively.

BOARD OF DIRECTORS

ONG HOCK SIANG
Chairman

ONG HUAT KEE
Deputy Chairman

ONG HUAT YEW PETER
President

ONG HUAT CHOO

DAVID CHONG TEK YEW
Managing Director

ONG LAY MAY APPLE

ONG ENG CHIAN KELVIN
Deputy Managing Director

ONG ENG WAEY ABEL

ONG ENG MIEN MALCOLM

HEE THENG FONG

LIM LEE MENG

THAM KHUAN HENG

CHEN TIMOTHY TECK LENG @CHEN TECK LENG

GROUP MANAGEMENT TEAM

ONG HOCK SIANG

Chairman

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

ONG HUAT YEW PETER

President

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

DAVID CHONG TEK YEW

Managing Director

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

ONG ENG CHIAN KELVIN

Deputy Managing Director

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

LARRY LAI

Group Financial Controller

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

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 21 to 78 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Ong Hock Siang @ Ong Huat Seong
Ong Huat Kee
Ong Huat Yew, Peter
Ong Huat Choo
David Chong Tek Yew
Ong Lay May, Apple
Ong Eng Chian, Kelvin
Ong Eng Waey, Abel
Ong Eng Mien, Malcolm
Hee Theng Fong
Lim Lee Meng
Tham Khuan Heng
Chen Timothy Teck Leng @ Chen Teck Leng (Appointed on 8 December 2016)

DIRECTORS' STATEMENT

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Tye Soon Limited		
Ordinary shares fully paid		
Ong Hock Siang @ Ong Huat Seong	2,235,071	2,235,071
Ong Huat Kee	1,834,767	1,834,767
Ong Huat Yew, Peter	2,746,767	2,746,767
Ong Huat Choo	2,684,100	2,684,100
David Chong Tek Yew	1,383,666	1,383,666
Ong Lay May, Apple	600,000	600,000
Ong Eng Chian, Kelvin	366,708	366,708
Ong Eng Waey, Abel	1,653,447	1,653,447
Ong Eng Mien, Malcolm	52,666	52,666
Immediate and Ultimate Holding Company		
OBG & Sons Pte Ltd		
Ordinary shares fully paid		
Ong Hock Siang @ Ong Huat Seong	14,552	14,552
Ong Huat Kee	14,552	14,552
Ong Huat Yew, Peter	19,169	19,169
Ong Huat Choo	19,169	19,169
Ong Lay May, Apple	4,617	4,617
Ong Eng Chian, Kelvin	1,385	1,385
Ong Eng Waey, Abel	19,169	19,169
Subsidiary		
TSC Enterprise (HK) Limited		
Ordinary shares fully paid		
David Chong Tek Yew	10,000	10,000

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

DIRECTORS' STATEMENT

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

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

Share options

During the financial year, there were:

(i) no share options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of share option to take up unissued shares of the Company or its subsidiaries under option.

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

Audit Committee

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

Tham Khuan Heng (Chairperson)	Independent director
Lim Lee Meng	Independent director
Hee Theng Fong	Independent director
Chen Timothy Teck Leng @ Chen Teck Leng	Independent director (Appointed on 8 December 2016)

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

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

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

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

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

DIRECTORS' STATEMENT

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

Auditors

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

On behalf of the Board of Directors

Ong Hock Siang @ Ong Huat Seong
Director

Ong Huat Yew, Peter
Director

23 March 2017

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tye Soon Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 78.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

Valuation of inventories ($110.2 million) **Refer to note 3.7 (accounting policy) and note 10 (financial disclosures)**	
The key audit matter	*How the matter was addressed in our audit*
Inventories represent 68% of the Group's total assets as at 31 December 2016. Cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling price have declined. The write-down of inventories to net realisable value is based on the age of these inventories, prevailing market conditions in the automotive parts industry and historical provisioning experience which requires management judgement. The write-down of inventories is reviewed and determined by executive and operation managers in consultation with sales managers, and are approved by the executive directors.	For the samples selected, our audit procedures included, amongst others: ■ Assessing the reasonableness of the write-down of inventories by comparing to historical sales trend, reviewing the trend in the inventory ageing reports against prior year's to assess if there were any significant build-up of aged stocks, and/or corroborating to the continued existence of the car models used. ■ Testing the net realisable value of inventories by comparing the costs to sales prices subsequent to the financial year end or the latest sales price available. *Our findings* We found the resulting estimates to be reasonable.

Valuation of trade receivables ($30.9 million) **Refer to note 3.8 (accounting policy), note 11 and 27 (financial disclosures)**	
The key audit matter	*How the matter was addressed in our audit*
Trade receivables represent 19% of the Group's total assets as at 31 December 2016. Any impairment of significant trade receivables could have material impact on the Group's income statement. The impairment loss is estimated based on the historical trend of trade receivables, which includes analysis of the age of these receivables, credit-worthiness, profile of the customers in the automotive parts industry and the customer's historical default rate. The estimate of significant impairment losses are deliberated at monthly management meeting and approved by the executive directors.	For the samples selected, our audit procedures included, amongst others: ■ Comparing the historical allowance for bad debts to the actual amounts written-off to determine whether the management's estimation techniques were reasonable. ■ Assessing the recoverability of the significant long outstanding debts, by challenging management's assessment and corroborating to the historical payment records. ■ Assessing whether disclosures in respect of the credit risk of trade receivables is appropriate. *Our findings* We found the estimates to be reasonable and the disclosures to be appropriate in their description of the estimates made.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Yek Lee Doreen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Assets					
Property, plant and equipment	4	2,362	2,485	620	421
Goodwill on consolidation		105	104	–	–
Subsidiaries	5	–	–	25,411	25,754
Associate	6	353	379	162	162
Available-for-sale financial asset	7	765	920	765	920
Deferred tax assets	8	1,273	1,152	–	16
Loan receivables	9	–	–	–	–
Non-current assets		4,858	5,040	26,958	27,273
Current tax assets		241	277	–	–
Inventories	10	110,210	108,052	37,832	37,079
Trade and other receivables	11	34,140	33,739	54,615	48,845
Cash and cash equivalents		13,372	10,005	3,969	2,898
Assets held for sale	14	–	3,002	–	3,002
Current assets		157,963	155,075	96,416	91,824
Total assets		162,821	160,115	123,374	119,097
Equity					
Share capital	15	38,057	38,057	38,057	38,057
Reserves	16	17,090	15,512	3,181	3,148
Equity attributable to owners of the Company		55,147	53,569	41,238	41,205
Non-controlling interests		258	203	–	–
Total equity		55,405	53,772	41,238	41,205
Liabilities					
Loans and borrowings	17	31	53	–	–
Employee benefits	18	713	1,410	–	–
Deferred tax liabilities	8	39	38	–	–
Non-current liabilities		783	1,501	–	–
Loans and borrowings	17	84,926	80,611	73,454	68,666
Trade and other payables	19	21,662	24,083	8,682	9,226
Current tax liabilities		45	148	–	–
Current liabilities		106,633	104,842	82,136	77,892
Total liabilities		107,416	106,343	82,136	77,892
Total equity and liabilities		162,821	160,115	123,374	119,097

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Revenue	20	210,904	201,414
Other income		284	693
Gain on sales of assets held for sale (leasehold properties)	14	7,954	–
Changes in inventories of finished goods		2,157	14,023
Cost of purchases		(169,700)	(174,600)
Staff costs		(23,183)	(21,269)
Depreciation expenses		(733)	(678)
Other operating expenses		(17,649)	(16,309)
Finance costs	21	(2,633)	(2,166)
Share of losses of associate (net of tax)	6	(28)	(6)
Profit before tax		7,373	1,102
Tax expense	22	(594)	(571)
Profit for the year		6,779	531
Profit attributable to:			
Owners of the Company		6,722	458
Non-controlling interests		57	73
Profit for the year	23	6,779	531
Earnings per share			
Basic and diluted earnings per share (cents)	24	7.70	0.53

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 $'000	2015 $'000
Profit for the year	6,779	531
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	(239)	(3,290)
Foreign currency translation differences realised on loss of influence in an associate reclassified to profit or loss	–	102
Net change in fair value of available-for-sale financial assets	(155)	–
Other comprehensive income for the year, net of tax	(394)	(3,188)
Total comprehensive income for the year	6,385	(2,657)
Total comprehensive income attributable to:		
Owners of the Company	6,330	(2,714)
Non-controlling interests	55	57
Total comprehensive income for the year	6,385	(2,657)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the Company							
	Share capital $'000	Other capital reserves $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling Interests $'000	Total equity $'000
At 1 January 2015	38,057	3,501	–	(2,960)	19,187	57,785	146	57,931
Total comprehensive income for the year								
Profit for the year	–	–	–	–	458	458	73	531
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(3,274)	–	(3,274)	(16)	(3,290)
Foreign currency translation differences realised on loss of influence in an associate reclassified to profit or loss	–	–	–	102	–	102	–	102
Total other comprehensive income	–	–	–	(3,172)	–	(3,172)	(16)	(3,188)
Total comprehensive income for the year	–	–	–	(3,172)	458	(2,714)	57	(2,657)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Final tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2014	–	–	–	–	(751)	(751)	–	(751)
Interim tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2015	–	–	–	–	(751)	(751)	–	(751)
Total contributions by and distributions to owners of the Company	–	–	–	–	(1,502)	(1,502)	–	(1,502)
At 31 December 2015	38,057	3,501	–	(6,132)	18,143	53,569	203	53,772

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the Company							
	Share capital $'000	Other capital reserves $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling Interests $'000	Total equity $'000
At 1 January 2016	38,057	3,501	–	(6,132)	18,143	53,569	203	53,772
Total comprehensive income for the year								
Profit for the year	–	–	–	–	6,722	6,722	57	6,779
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(237)	–	(237)	(2)	(239)
Net change in fair value of available-for-sale financial asset	–	–	(155)	–	–	(155)	–	(155)
Total other comprehensive income	–	–	(155)	(237)	–	(392)	(2)	(394)
Total comprehensive income for the year	–	–	(155)	(237)	6,722	6,330	55	6,385
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Final tax exempt (one-tier) dividend of 0.861 cents per share paid in respect of the year ended 31 December 2015	–	–	–	–	(751)	(751)	–	(751)
Interim tax exempt (one-tier) dividend of 0.861 cents per share paid in respect of the year ended 31 December 2016	–	–	–	–	(751)	(751)	–	(751)
Special interim tax exempt (one-tier) dividend of 3.724 cents per share paid in respect of the year ended 31 December 2016	–	–	–	–	(3,250)	(3,250)	–	(3,250)
Total contributions by and distributions to owners of the Company	–	–	–	–	(4,752)	(4,752)	–	(4,752)
At 31 December 2016	38,057	3,501	(155)	(6,369)	20,113	55,147	258	55,405

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit before tax		7,373	1,102
Adjustments for:			
Amortisation of deferred income	23	–	(117)
Depreciation expense	4	733	678
Loss on remeasurement of interest in an associate to available-for-sale financial asset		–	197
Gain on sale of assets held for sale (leasehold properties)	14	(7,954)	–
Loss/(Gain) on sale of property, plant and equipment		88	(9)
Share of losses of associate (net of tax)	6	28	6
Finance income	23	(22)	(31)
Finance costs	21	2,633	2,166
		2,879	3,992
Changes in working capital			
Changes in inventories		(2,130)	(16,878)
Changes in trade and other receivables		(587)	(3,044)
Changes in trade and other payables		(3,287)	5,844
Changes in bills payable and trust receipts		166	735
Cash used in operating activities		(2,959)	(9,351)
Tax paid		(768)	(1,071)
Interest paid		(986)	(843)
Net cash used in operating activities		(4,713)	(11,265)
Cash flows from investing activities			
Interest received		22	31
Proceeds from sales of assets held for sale (leasehold properties)		11,000	–
Expenses relating to sales of leasehold properties		(44)	–
Proceeds from sale of property, plant and equipment		59	11
Acquisition of property, plant and equipment		(694)	(1,035)
Net cash from/(used in) investing activities		10,343	(993)
Cash flows from financing activities			
Payment of finance lease liabilities		(96)	(57)
Proceeds from interest-bearing bank loans		4,137	9,186
Interest paid		(1,661)	(1,289)
Dividends paid		(1,502)	(1,502)
Special dividends paid		(3,250)	–
Net cash (used in)/from financing activities		(2,372)	6,338
Net increase/(decrease) in cash and cash equivalents		3,258	(5,920)
Cash and cash equivalents at the beginning of the year		10,005	16,333
Effect of exchange rate changes on the balance of cash held in foreign currencies		109	(408)
Cash and cash equivalents at the end of the year		13,372	10,005

Non-cash transaction:

The Group acquired property, plant and equipment with an aggregate cost of $754,000 (2015: $1,109,000), of which $60,000 (2015: $74,000) was acquired under finance leases.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 March 2017.

1 Domicile and activities

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

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

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted associate.

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgments (cont'd)

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

- Note 10 – Measurement of write-down of inventories
- Note 12 – Measurement of impairment loss on trade receivables

Measurement of fair values

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 27.

2.5 Changes in accounting policies

On 1 January 2016, the Group adopted the new or amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application from that date. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

Subsidiaries

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

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

Loss of control

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

Investments in associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

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

Subsidiaries and associate in the separate financial statements

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

3.2 Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

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

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

3.3 Financial instruments

Non-derivative financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

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

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

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

Available-for-sale financial asset

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

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

Non-derivative financial liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital

Ordinary shares

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

Derivative financial instruments

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

Intra-group financial guarantees in the separate financial statements

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

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

3.4 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Subsequent costs

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

Depreciation

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

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

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

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

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

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

3.5 Goodwill

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

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.6 Leased assets

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

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

3.7 Inventories

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

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

3.8 Impairment

Non-derivative financial assets

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

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

Loan and receivables

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

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

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Loan and receivables (cont'd)

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

Available-for-sale financial asset

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

Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

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

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

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

3.9 Employee benefits

Defined contribution plans

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

Termination benefits

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

Short-term employee benefits

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

Long-term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.10 Provisions

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

3.11 Revenue

Sale of goods

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

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

Rental income

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

Deferred income

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

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3.12 Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.12 Leases (cont'd)

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

3.13 Finance costs

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

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

3.14 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

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

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

3.15 Earnings per share

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

3.16 Segment reporting

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

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

3.17 Non-current assets held for sale

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, management has assessed the transition options and are gathering the detailed analysis and potential impact on its financial statements. The Group does not plan to adopt these standards early.

Applicable to 2017 financial statements

Amendments to FRS 12 *Income Tax*	–	Recognition of deferred tax assets for unrealised losses
Amendments to FRS 7 *Statement of Cash Flows*	–	Disclosure initiative

Management anticipates that the adoption of the above amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

Applicable to 2018 financial statements

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect any significant adjustments on adoption of FRS115.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

New standards

Summary of the requirements	**Potential impact on the financial statements**
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity except for the effect of applying the impairment requirements of FRS 109. The Group's initial assessment of FRS 109 is as described below. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. The Group expects to elect to present subsequent changes in fair value of available-for-sale (AFS) equity security in other comprehensive income ("OCI"). Under FRS 109, only dividend income is recognised in profit or loss. Any subsequent fair value changes are recognised in OCI and will not be reclassified to profit or loss even upon divestment. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment loss on all trade receivables. The Group is gathering data to quantify the impact on its financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014, that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018, onwards.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect significant changes to its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to 2019 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 26). Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 8% of the consolidated total assets and 12% of consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4 Property, plant and equipment

	Note	Leasehold properties $'000	Furniture, fittings and office equipment $'000	Plant and machinery $'000	Renovations $'000	Motor vehicles $'000	Computers $'000	Total $'000
Group								
Cost								
At 1 January 2015		5,213	5,436	559	214	1,058	1,381	13,861
Additions		–	739	49	73	92	156	1,109
Disposals/written off		–	–	(1)	–	(125)	–	(126)
Reclassification		–	(98)	–	–	–	98	–
Reclassification to assets held for sale	14	(5,213)	–	–	–	–	–	(5,213)
Effect of movements in exchange rates		–	(132)	(19)	(8)	(39)	(27)	(225)
At 31 December 2015		–	5,945	588	279	986	1,608	9,406
Additions		–	496	32	70	89	67	754
Disposals/written off		–	(695)	(75)	–	(102)	(5)	(877)
Effect of movements in exchange rates		–	10	2	(2)	3	3	16
At 31 December 2016		–	5,756	547	347	976	1,673	9,299
Accumulated depreciation and impairment losses								
At 1 January 2015		2,189	4,247	513	70	804	897	8,720
Depreciation		22	314	29	39	94	180	678
Disposals/written off		–	–	(1)	–	(123)	–	(124)
Reclassification		–	(17)	–	–	–	17	–
Reclassification to assets held for sale	14	(2,211)	–	–	–	–	–	(2,211)
Effect of movements in exchange rates		–	(74)	(16)	(4)	(35)	(13)	(142)
At 31 December 2015		–	4,470	525	105	740	1,081	6,921
Depreciation		–	346	29	47	89	222	733
Disposals/written off		–	(595)	(63)	–	(69)	(3)	(730)
Effect of movements in exchange rates		–	8	2	(1)	2	2	13
At 31 December 2016		–	4,229	493	151	762	1,302	6,937
Carrying amounts								
At 1 January 2015		3,024	1,189	46	144	254	484	5,141
At 31 December 2015		–	1,475	63	174	246	527	2,485
At 31 December 2016		–	1,527	54	196	214	371	2,362

At the reporting date, the carrying amount of the Group's motor vehicles held under finance leases are $154,748 (2015: $142,926), respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4 Property, plant and equipment (cont'd)

	Note	Leasehold properties $'000	Furniture, fittings and office equipment $'000	Plant and machinery $'000	Renovations $'000	Motor vehicles $'000	Computers $'000	Total $'000
Company								
Cost								
At 1 January 2015		5,213	3,016	228	19	393	912	9,781
Additions		–	43	–	52	–	22	117
Disposal		–	–	–	–	(60)	–	(60)
Reclassification to assets held for sale	14	(5,213)	–	–	–	–	–	(5,213)
At 31 December 2015		–	3,059	228	71	333	934	4,625
Additions		–	279	–	53	43	29	404
Disposal		–	(150)	–	–	–	–	(150)
At 31 December 2016		–	3,188	228	124	376	963	4,879
Accumulated depreciation and impairment losses								
At 1 January 2015		2,189	2,843	226	6	303	756	6,323
Depreciation		22	33	1	6	35	55	152
Disposal		–	–	–	–	(60)	–	(60)
Reclassification to assets held for sale	14	(2,211)	–	–	–	–	–	(2,211)
At 31 December 2015		–	2,876	227	12	278	811	4,204
Depreciation		–	46	–	16	31	49	142
Disposal		–	(87)	–	–	–	–	(87)
At 31 December 2016		–	2,835	227	28	309	860	4,259
Carrying amounts								
At 1 January 2015		3,024	173	2	13	90	156	3,458
At 31 December 2015		–	183	1	59	55	123	421
At 31 December 2016		–	353	1	96	67	103	620

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

5 Subsidiaries

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	2,571	2,571
Loans and advances to subsidiaries	24,672	24,752
Impairment losses	(1,832)	(1,569)
	22,840	23,183
	25,411	25,754

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

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

	Company 2016 $'000	Company 2015 $'000
At 1 January	1,569	1,135
Impairment loss recognised	263	434
At 31 December	1,832	1,569

Management has performed an impairment review to assess the recoverable amount of the subsidiaries. The estimated recoverable amount of its subsidiaries was determined based on the net current assets of the subsidiaries as at year end, which approximate the net selling price of the subsidiaries as the net current assets comprise predominantly monetary items.

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

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
(1) Filsound Enterprise Pte Ltd	Importing and exporting of automotive spare parts	Singapore	100	100
(1) Everts Pte. Ltd. and its subsidiary	Investment holding	Singapore	100	100
(1) Tokyo Motor Pte. Ltd.	Trading in automotive spare parts	Singapore	90	90
(1) Joining Enterprise Pte. Ltd.	Trading in automotive spare parts	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

5 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2016 %	2015 %
(1) TS Motorsport Pte. Ltd. and its subsidiary	Trading in automotive spare parts	Singapore	100	100
(1) TSC Comparts Pte. Ltd.	Trading in automotive spare parts	Singapore	60	60
(1) Imparts Holdings Pte Ltd and its subsidiary	Investment holding	Singapore	100	100
(2) Imparts Automotive Pty Ltd	Distribution of automotive spare parts	Australia	100	100

(1) Audited by KPMG LLP, Singapore.
(2) Audited by Grant Thornton Audit Pty Ltd.

In addition, the Group has subsidiaries incorporated in Malaysia, Thailand, Indonesia, Hong Kong/China, South Korea, United Stated of America and Australia with principal activities of importing, distributing and trading in automotive spare parts.

6 Associate

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Unquoted equity investment, at cost	353	379	162	162

Name of associate	Principal activities	Country of incorporation	Effective equity interest held by the Group 2016 %	2015 %
Lintrex (Australia) Pty Ltd ("Lintrex")	Trading in automotive spare parts	Australia	25	25

Lintrex is an unlisted entity and consequently does not have published price quotations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

6 Associate (cont'd)

Immaterial associate

Prior to 2016, the Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of the associate that is accounted for using the equity method:

	2016 $'000	2015 $'000
Group's interest in net assets of investees at beginning of the year	379	1,411
Group's share of:		
- loss for the year	(28)	(6)
- other comprehensive income	2	(11)
- total comprehensive income	(26)	(17)
Reclassification of interest in an associate to available-for-sale financial asset	–	(1,015)
Carrying amount of interest in investee at end of the year	353	379

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

7 Available-for-sale financial asset

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity security, at fair value	765	920	765	920

During 2015, the Company carried out an assessment and concluded that it has lost significant influence over its associate. Accordingly, equity accounting was ceased. The interest in its associate was remeasured at fair value and reclassified as an available-for-sale financial asset. The fair value of the investment is estimated using the underlying net asset value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

8 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Property, plant and equipment	–	–	(39)	(58)
Provisions	1,153	1,125	–	–
Tax loss carry-forward	120	47	–	–
Deferred tax assets/(liabilities)	1,273	1,172	(39)	(58)
Set off of tax	–	(20)	–	20
Net deferred tax assets/(liabilities)	1,273	1,152	(39)	(38)
Company				
Property, plant and equipment	–	–	–	(20)
Provisions	–	36	–	–
Deferred tax assets/(liabilities)	–	36	–	(20)
Set off of tax	–	(20)	–	20
Net deferred tax assets/(liabilities)	–	16	–	–

Movements in temporary differences during the year

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

	As at 1 January 2015	Recognised in profit or loss (note 22)	Exchange differences	As at 31 December 2015
	$'000	**$'000**	**$'000**	**$'000**
Group				
Provisions	983	184	(42)	1,125
Tax losses carry-forward	26	18	3	47
Property, plant and equipment	(75)	15	2	(58)
	934	217	(37)	1,114

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

8 Deferred tax assets and liabilities (cont'd)

Movements in temporary differences during the year (cont'd)

	As at 1 January 2016 $'000	Recognised in profit or loss (note 22) $'000	Transfer from/(to) current tax payable $'000	Exchange differences $'000	As at 31 December 2016 $'000
Group					
Provisions	1,125	46	43	14	1,228
Tax losses carry-forward	47	(3)	–	1	45
Property, plant and equipment	(58)	18	–	1	(39)
	1,114	61	43	16	1,234

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

	As at 1 January 2015 $'000	Recognised in profit or loss $'000	As at 31 December 2015 $'000	Recognised in profit or loss $'000	As at 31 December 2016 $'000
Company					
Provisions	44	(9)	35	(35)	–
Property, plant and equipment	(61)	42	(19)	19	–
	(17)	33	16	(16)	–

Unrecognised deferred tax assets

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deductible temporary differences	549	77	546	3
Tax losses	7,804	5,759	7,465	5,503

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

9 Loan receivables

	Group and Company	
	2016	2015
	$'000	$'000
Loan receivables	1,100	1,100
Impairment losses	(1,100)	(1,100)
	–	–

Loan receivables comprise:

(a) a loan of $91,000 (2015: $91,000) made to a relative of one of the directors for his contribution towards the capital of Tye Soon (Xiamen) Co. Ltd., a company established in the People's Republic of China. The loan is secured on the shares in Tye Soon (Xiamen) Co. Ltd.; and

(b) an unsecured loan of $1,009,000 (2015: $1,009,000) to Tye Soon (Xiamen) Co. Ltd. to provide working capital for its operations.

10 Inventories

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Finished goods	101,738	98,550	34,562	35,253
Goods-in-transit	8,472	9,502	3,270	1,826
	110,210	108,052	37,832	37,079

The Group carries out reviews on inventory obsolescence and any decline in the net realisable value below cost will be recorded against inventory balance. The net realisable value represents management's best estimate of the recoverable amount and is based on the evidence available at the end of the reporting date. Management considers ageing analysis and prevailing market conditions of the inventories as part of its inventory obsolescence assessment process. The write-down required could change significantly as a result of changes in market conditions.

The Group's cost of inventories recognised as expense and included in cost of sales amounted to $167,543,000 (2015: $160,577,000).

The Group's write-down of inventories to net realisable value included in cost of sales amounted to $621,000 (2015: $417,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

11 Trade and other receivables

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables	12	30,907	30,291	12,665	12,366
Amounts due from subsidiaries	13	–	–	40,968	35,715
Amounts due from associates, trade		–	19	–	19
Advances		172	70	27	6
Deposits		1,201	1,475	199	126
Other receivables		696	730	54	302
Rebates and discounts receivable from suppliers		544	695	500	114
Loan and other receivables		33,520	33,280	54,413	48,648
Derivative financial assets		–	101	–	101
Prepayments		620	358	202	96
		34,140	33,739	54,615	48,845

The Group's and the Company's exposure to credit risk and currency risk related to trade and other receivables are disclosed in notes 12 and 27, respectively.

12 Trade receivables

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables		37,105	36,274	18,365	17,844
Impairment losses		(6,198)	(5,983)	(5,700)	(5,478)
	11	30,907	30,291	12,665	12,366

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

12 Trade receivables (cont'd)

The ageing of trade receivables at the reporting date was:

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Not past due	21,272	–	19,975	–
Past due 0 – 30 days	6,624	–	6,475	–
Past due 31 – 120 days	2,769	(2)	3,596	–
Past due more than 120 days	6,440	(6,196)	6,228	(5,983)
	37,105	(6,198)	36,274	(5,983)
Company				
Not past due	6,782	–	6,378	–
Past due 0 – 30 days	3,872	–	3,345	–
Past due 31 – 120 days	1,975	–	2,573	–
Past due more than 120 days	5,736	(5,700)	5,548	(5,478)
	18,365	(5,700)	17,844	(5,478)

Impairment loss on trade receivables

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

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 January	5,983	5,907	5,478	5,251
Impairment loss recognised	216	86	150	–
Write-back	(5)	(107)	–	–
Written off	(80)	(86)	(8)	–
Effect of movements in exchange rates	84	183	80	227
At 31 December	6,198	5,983	5,700	5,478

Trade receivables of the Group and the Company include an amount of $4,842,000 (2015: $4,762,000) due from Tye Soon (Xiamen) Co. Ltd. against which a full allowance for impairment losses was made in previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

12 Trade receivables (cont'd)

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

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

13 Amounts due from subsidiaries

	Note	Company 2016 $'000	Company 2015 $'000
Amounts due from subsidiaries:			
- trade		16,051	16,419
- non-trade		25,610	19,989
		41,661	36,408
Impairment losses:			
- non-trade		(693)	(693)
	11	40,968	35,715

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

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

	Company 2016 $'000	Company 2015 $'000
Not past due	7,912	9,264
Past due 0 – 30 days	195	1,135
Past due 31 – 120 days	951	698
Past due more than 120 days	6,993	5,322
	16,051	16,419

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

14 Assets held for sale

		Group and Company	
	Note	2016 $'000	2015 $'000
At 1 January		3,002	–
Reclassification from property, plant and equipment	4	–	3,002
Disposal		(3,002)	–
At 31 December		–	3,002

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

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

The sale of the Properties was completed on 1 March 2016 with cash received of $11,000,000. The net gain on sale of the Properties amounted to $7,954,000, which included selling expenses of $44,000.

15 Share capital

	Number of shares	
	2016 ('000)	2015 ('000)
Company		
At beginning of the year	87,265	261,800
Shares consolidation during the year	–	(174,535)
At end of the year	87,265	87,265

Ordinary shares

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

15 Share capital (cont'd)

Capital management

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

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

Capital consists of share capital and retained earnings.

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

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

16 Reserves

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Other capital reserves	3,501	3,501	–	–
Fair value reserve	(155)	–	(155)	–
Translation reserve	(6,369)	(6,132)	533	576
Retained earnings	20,113	18,143	2,803	2,572
	17,090	15,512	3,181	3,148

Other capital reserves

Other capital reserves comprise of gains on disposal of assets, net of negative goodwill arising on acquisition of subsidiaries under common control.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

16 Reserves (cont'd)

Translation reserve

Translation reserve comprises:

(i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company; and

(ii) foreign exchange differences on translation of monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Dividends

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

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Final tax exempt (one-tier) dividend of 0.861 cents per share in respect of the year ended 31 December 2015	–	751
Final tax exempt (one-tier) dividend of 0.861 cents per share in respect of the year ended 31 December 2016	751	–

17 Loans and borrowings

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Finance lease liabilities	31	53	–	–
Current liabilities				
Finance lease liabilities	28	41	–	–
Unsecured bank loans	43,096	39,008	40,193	36,669
Bills payable and trust receipts	41,802	41,562	33,261	31,997
	84,926	80,611	73,454	68,666
	84,957	80,664	73,454	68,666

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

17 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2016				
Finance lease liabilities				
Australian dollar	7.62	2017	5	5
Hong Kong dollar	2.50 – 2.75	2019	57	54
			62	59
Unsecured bank loans				
Singapore dollar	2.20 – 2.85	2017	25,500	25,500
Australian dollar	3.45 – 4.25	2017	10,028	10,028
Hong Kong dollar	2.58 – 2.92	2017	4,665	4,665
Malaysia Ringgit	5.52	2017	2,903	2,903
			43,096	43,096
Bills payable and trust receipts				
Singapore dollar	2.19 – 3.50	2017	26,056	26,056
United States dollar	2.66 – 3.55	2017	3,134	3,134
Japanese Yen	1.08 – 2.51	2017	4,189	4,189
Australian dollar	3.91 – 4.07	2017	6,610	6,610
Malaysia Ringgit	5.37 – 5.43	2017	1,813	1,813
			41,802	41,802
			84,960	84,957
2015				
Finance lease liabilities				
Malaysia Ringgit	2.50 – 3.70	2016	7	6
Hong Kong dollar	2.50 – 2.75	2019	95	88
			102	94
Unsecured bank loans				
Singapore dollar	2.19 – 3.55	2016	25,000	25,000
Australian dollar	3.87 – 3.93	2016	6,197	6,197
Hong Kong dollar	2.05 – 2.65	2016	5,472	5,472
Malaysia Ringgit	5.74	2016	2,339	2,339
			39,008	39,008
Bills payable and trust receipts				
Singapore dollar	2.35 – 3.90	2016	25,625	25,625
Euro dollar	1.51 – 1.75	2016	639	639
United States dollar	2.09 – 3.13	2016	1,944	1,944
Japanese Yen	1.20 – 3.15	2016	4,046	4,046
Australian dollar	3.97 – 4.63	2016	8,319	8,319
Malaysia Ringgit	5.87 – 6.00	2016	989	989
			41,562	41,562
			80,672	80,664

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

17 Loans and borrowings (cont'd)

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Company				
2016				
Unsecured bank loans				
Singapore dollar	2.20 – 2.85	2017	25,500	25,500
Australian dollar	3.45 – 4.25	2017	10,028	10,028
Hong Kong dollar	2.58 – 2.92	2017	4,665	4,665
			40,193	40,193
Bills payable and trust receipts				
Singapore dollar	2.19 – 3.50	2017	25,938	25,938
United States dollar	2.66 – 3.55	2017	3,134	3,134
Japanese Yen	1.08 – 2.51	2017	4,189	4,189
			33,261	33,261
			73,454	73,454
2015				
Unsecured bank loans				
Singapore dollar	2.19 – 3.55	2016	25,000	25,000
Australian dollar	3.87 – 3.93	2016	6,197	6,197
Hong Kong dollar	2.05 – 2.65	2016	5,472	5,472
			36,669	36,669
Bills payable and trust receipts				
Singapore dollar	2.35 – 3.90	2016	25,368	25,368
Euro dollar	1.51 – 1.75	2016	639	639
United States dollar	2.09 – 3.13	2016	1,944	1,944
Japanese Yen	1.20 – 3.15	2016	4,046	4,046
			31,997	31,997
			68,666	68,666

Finance lease liabilities

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

	Principal 2016 $'000	Interest 2016 $'000	Future minimum lease payments 2016 $'000	Principal 2015 $'000	Interest 2015 $'000	Future minimum lease payments 2015 $'000
Group						
Within one year	28	2	30	41	5	46
Between one year and five years	31	1	32	53	3	56
	59	3	62	94	8	102

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

17 Loans and borrowings (cont'd)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $19,553,000 (2015: $19,596,000) granted to wholly-owned subsidiaries which expire on June 2017. At the reporting date, the Company does not consider it probable that a claim will be made against the amounts under guarantee.

18 Employee benefits

	Group	
	2016	**2015**
	$'000	**$'000**
Long-term employee benefits	713	1,410

Employee benefits relates mainly to long-term incentives and termination benefits.

19 Trade and other payables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	14,216	16,525	4,626	4,178
Accrued expenses	4,755	3,775	1,603	1,527
Other payables	338	245	218	103
Interest payable	256	253	215	203
Amount due to a director, non trade	45	44	–	–
Financial liabilities	19,610	20,842	6,662	6,011
Deposits and advances	2,052	3,228	2,020	3,202
Derivative financial liabilities	–	13	–	13
	21,662	24,083	8,682	9,226

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

The Group's and the Company's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in note 27.

20 Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

21 Finance costs

	Group	
	2016	2015
	$'000	$'000
Interest expenses on:		
- bank overdrafts and loans	1,645	1,027
- bills payable and trust receipts	980	1,131
- finance lease liabilities	8	8
	2,633	2,166

22 Tax expense

	Group	
	2016	2015
	$'000	$'000
Current tax		
Current year	497	758
Under provision for prior years	99	21
Withholding tax	59	9
	655	788
Deferred tax		
Origination and reversal of temporary differences	(60)	(220)
(Over)/Under provision for prior years	(1)	3
	(61)	(217)
Tax expense	594	571
Reconciliation of effective tax rate		
Profit before tax	7,373	1,102
Tax using the Singapore tax rate of 17% (2015: 17%)	1,253	187
Effect of tax rates in foreign jurisdictions	65	80
Non-deductible expenses	96	256
Tax exempt income	(1,393)	(22)
Others	(9)	(15)
Current year losses and temporary differences for which no deferred tax asset was recognised	425	52
Under provision for prior years, net	98	24
Withholding tax	59	9
	594	571

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

23 Profit for the year

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

		Group	
	Note	2016 $'000	2015 $'000
Audit fees paid/payable to:			
- auditors of the Company		166	140
- other auditors		155	150
Non-audit fees paid/payable to:			
- auditors of the Company		17	19
- other auditors		83	89
Allowance for impairment on trade receivables	12	216	86
Contributions to defined contribution plans, included in staff costs		1,754	1,698
Directors' fees		543	538
Foreign exchange loss/(gain)		656	(20)
Inventories written down	10	621	417
Loss on remeasurement of interest in an associate to available-for-sale financial asset		–	197
Operating lease expense for leasehold properties		5,313	5,359
Amortisation of deferred income		–	(117)
Interest income		(22)	(31)
Rental income from leasehold properties		(5)	(112)
Write back of allowance for impairment on trade receivables	12	(5)	(107)

24 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of $6,722,000 (2015: $458,000), and a weighted average number of ordinary shares outstanding of 87,265,029 (2015: 87,265,029), calculated as follows:

Profit attributable to ordinary shareholders

	2016 $'000	2015 $'000
Profit attributable to ordinary shareholders	6,722	458

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

24 Earnings per share (cont'd)

Weighted-average number of ordinary shares

	2016 Number of shares ('000)	2015 Number of shares ('000)
Weighted-average number of ordinary shares at 1 January and 31 December	87,265	87,265

The Company did not have any stock options or dilutive potential ordinary shares during the years ended 31 December 2016 and 2015.

25 Related parties

Transactions with key management personnel

Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	2016 $'000	2015 $'000
Short-term employee benefits	2,221	1,864
Post-employment benefits	93	80
	2,314	1,944

Other related party transactions

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

	Group	
	2016 $'000	2015 $'000
Associate		
- Sales	100	156

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

26 Operating leases

Leases as lessee

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	4,501	3,422	1,692	1,376
Between one and five years	8,180	5,515	4,993	3,625
	12,681	8,937	6,685	5,001

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

27 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Credit risk

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

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

Loans and other receivables

Risk management policy

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

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

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

The maximum exposure to credit risk of loans and other receivables at the reporting date is represented by the carrying amounts of the trade and other receivables and cash and cash equivalents.

Cash and cash equivalents are placed with banks and financial institutions which are regulated.

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

Liquidity risk

Risk management policy

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

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

	Note	Carrying amount $'000	Cash flows Contractual cash flows $'000	6 months or less $'000	6 - 12 months $'000	1 - 2 years $'000
Group						
2016						
Non-derivative financial liabilities						
Finance lease liabilities	17	59	(62)	(13)	(17)	(32)
Unsecured bank loans	17	43,096	(43,150)	(43,150)	–	–
Bills payable and trust receipts	17	41,802	(42,043)	(42,043)	–	–
Trade and other payables ^	19	19,610	(19,610)	(19,610)	–	–
		104,567	(104,865)	(104,816)	(17)	(32)
2015						
Non-derivative financial liabilities						
Finance lease liabilities	17	94	(102)	(27)	(19)	(56)
Unsecured bank loans	17	39,008	(39,065)	(39,065)	–	–
Bills payable and trust receipts	17	41,562	(41,777)	(41,777)	–	–
Trade and other payables ^	19	20,842	(20,842)	(20,842)	–	–
		101,506	(101,786)	(101,711)	(19)	(56)
Derivative financial liabilities						
Forward exchange contracts (net-settled)	19	13	(13)	(13)	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Liquidity risk (cont'd)

	Note	Carrying amount $'000	Cash flows Contractual cash flows $'000	 6 months or less $'000	 6 - 12 months $'000	 1 - 2 years $'000
Company						
2016						
Non-derivative financial liabilities						
Unsecured bank loans	17	40,193	(40,233)	(40,233)	–	–
Bills payable and trust receipts	17	33,261	(33,436)	(33,436)	–	–
Intragroup financial guarantees	17	–	(19,553)	(19,553)	–	–
Trade and other payables ^	19	6,662	(6,662)	(6,662)	–	–
		80,116	(99,884)	(99,884)	–	–
2015						
Non-derivative financial liabilities						
Unsecured bank loans	17	36,669	(36,715)	(36,715)	–	–
Bills payable and trust receipts	17	31,997	(32,153)	(32,153)	–	–
Intragroup financial guarantees	17	–	(19,596)	(19,596)	–	–
Trade and other payables ^	19	6,011	(6,011)	(6,011)	–	–
		74,677	(94,475)	(94,475)	–	–
Derivative financial liabilities						
Forward exchange contracts (net-settled)	19	13	(13)	(13)	–	–

^ Excludes deposits, advances and derivative financial liabilities

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

Market risk

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

Currency risk

Risk management policy

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk

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

	Euro	United States dollar	Hong Kong dollar	Japanese Yen	Australian dollar	Malaysia Ringgit	Thai Baht	Korean Won
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2016								
Trade and other receivables	23	2,868	–	4,501	–	–	–	–
Amounts due from subsidiaries	–	1,082	4,530	–	10,094	9,732	1,296	8,663
Cash in hand and at bank	11	663	–	494	557	20	2	–
Available-for-sale financial asset	–	–	–	–	–	765	–	–
Unsecured bank loans	–	–	(4,665)	–	(10,028)	–	–	–
Bills payable and trust receipts	–	(3,134)	–	(4,189)	–	–	–	–
Trade and other payables	(1,017)	(400)	–	(2,136)	–	–	–	–
	(983)	1,079	(135)	(1,330)	623	10,517	1,298	8,663
2015								
Trade and other receivables	278	1,560	–	3,620	–	–	–	–
Amounts due from subsidiaries	–	657	5,129	–	6,804	7,866	1,189	6,276
Cash in hand and at bank	17	139	–	775	9	26	3	–
Available-for-sale financial asset	–	–	–	–	–	920	–	–
Unsecured bank loans	–	–	(5,472)	–	(6,197)	–	–	–
Bills payable and trust receipts	(639)	(2,116)	–	(4,046)	–	–	–	–
Trade and other payables	(2,403)	(483)	–	(2,030)	–	–	–	–
Forward exchange contracts	424	–	–	767	–	–	–	–
	(2,323)	(243)	(343)	(914)	616	8,812	1,192	6,276

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	Euro	United States dollar	Hong Kong dollar	Japanese Yen	Australian dollar	Malaysia Ringgit	Thai Baht	Korean Won
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
2016								
Trade and other receivables	23	2,868	–	4,501	–	–	–	–
Amounts due from subsidiaries	–	1,082	4,530	–	14,768	16,182	2,023	18,279
Cash in hand and at bank	11	663	–	494	557	20	2	–
Available-for-sale financial asset	–	–	–	–	–	765	–	–
Unsecured bank loans	–	–	(4,665)	–	(10,028)	–	–	–
Bills payable and trust receipts	–	(3,134)	–	(4,189)	–	–	–	–
Trade and other payables	(572)	(363)	–	(2,136)	–	–	–	–
	(538)	1,116	(135)	(1,330)	5,297	16,967	2,025	18,279
2015								
Trade and other receivables	278	1,560	–	3,620	–	–	–	–
Amounts due from subsidiaries	–	657	5,129	–	11,425	14,454	1,894	15,908
Cash in hand and at bank	17	139	–	775	9	26	3	–
Available-for-sale financial asset	–	–	–	–	–	920	–	–
Unsecured bank loans	–	–	(5,472)	–	(6,197)	–	–	–
Bills payable and trust receipts	(639)	(2,116)	–	(4,046)	–	–	–	–
Trade and other payables	(1,028)	(553)	–	(2,030)	–	–	–	–
Forward exchange contracts	424	–	–	767	–	–	–	–
	(948)	(313)	(343)	(914)	5,237	15,400	1,897	15,908

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis

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

		Group		Company	
	Strengthening %	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
2016					
Euro	10%	98	–	54	–
US dollar	10%	(108)	–	(112)	–
Hong Kong dollar	10%	14	–	14	–
Japanese Yen	10%	133	–	133	–
Australian dollar	10%	(62)	–	(530)	–
Malaysia Ringgit	10%	(975)	(77)	(1,620)	(77)
Thai Baht	10%	(130)	–	(203)	–
Korean Won	10%	(866)	–	(1,828)	–
2015					
Euro	10%	232	–	95	–
US dollar	10%	24	–	31	–
Hong Kong dollar	10%	34	–	34	–
Japanese Yen	10%	92	–	92	–
Australian dollar	10%	(62)	–	(524)	–
Malaysia Ringgit	10%	(789)	(92)	(1,448)	(92)
Thai Baht	10%	(119)	–	(190)	–
Korean Won	10%	(628)	–	(1,591)	–

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Market risk (cont'd)

Interest rate risk

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

Profile

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

	Group Carrying amount		Company Carrying amount	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Fixed rate instruments				
Financial liabilities	84,957	80,664	73,454	68,666

Fair value sensitivity analysis for fixed rate instruments

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

27 Financial risk management (cont'd)

Accounting classifications and fair values

Fair value versus carrying amounts

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

		Carrying amount					Fair value			
	Note	Financial assets/ liabilities at fair value through profit or loss $'000	Loans and receivables $'000	Available-for-sale financial asset $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2016										
Financial assets not measured at fair value										
Trade and other receivables #	11	–	33,520	–	–	33,520				
Cash and cash equivalents		–	13,372	–	–	13,372				
		–	46,892	–	–	46,892				
Financial asset measured at fair value										
Available-for-sale financial asset	7	–	–	765	–	765	–	–	765	765
Financial liabilities not measured at fair value										
Unsecured bank loans	17				43,096	43,096				
Bills payable and trust receipts	17	–	–	–	41,802	41,802				
Trade and other payables ^	19	–	–	–	19,610	19,610				
		–	–	–	104,508	104,508				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

		Carrying amount					Fair value			
	Note	Financial assets/ liabilities at fair value through profit or loss $'000	Loans and receivables $'000	Available-for-sale financial asset $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 December 2015										
Financial assets not measured at fair value										
Trade and other receivables #	11	–	33,280	–	–	33,280				
Cash and cash equivalents		–	10,005	–	–	10,005				
		–	43,285	–	–	43,285				
Financial asset measured at fair value										
Available-for-sale financial asset	7	–	–	920	–	920	–	–	920	920
Derivative financial asset	11	101	–	–	–	101	–	101	–	101
		101	–	920	–	1,021				
Financial liabilities not measured at fair value										
Unsecured bank loans	17	–	–	–	(39,008)	(39,008)				
Bills payable and trust receipts	17	–	–	–	(41,562)	(41,562)				
Trade and other payables ^	19	–	–	–	(20,842)	(20,842)				
		–	–	–	(101,412)	(101,412)				
Financial liabilities measured at fair value										
Derivative financial liabilities	19	(13)	–	–	–	(13)	–	(13)	–	(13)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

27 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

		Carrying amount					Fair value			
	Note	Financial assets/ liabilities at fair value through profit or loss $'000	Loans and receivables $'000	Available-for-sale financial asset $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2016										
Financial assets not measured at fair value										
Trade and other receivables #	11	–	54,413	–	–	54,413				
Cash and cash equivalents		–	3,969	–	–	3,969				
		–	58,382	–	–	58,382				
Financial asset measured at fair value										
Available-for-sale financial asset	7	–	–	765	–	765	–	–	765	765
Financial liabilities not measured at fair value										
Unsecured bank loans	17	–	–	–	40,193	40,193				
Bills payable and trust receipts	17	–	–	–	33,261	33,261				
Trade and other payables ^	19	–	–	–	6,662	6,662				
		–	–	–	80,116	80,116				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

		Carrying amount					Fair value			
	Note	Financial assets/ liabilities at fair value through profit or loss $'000	Loans and receivables $'000	Available-for-sale financial asset $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2015										
Financial assets not measured at fair value										
Trade and other receivables #	11	–	48,648	–	–	48,648				
Cash and cash equivalents		–	2,898	–	–	2,898				
		–	51,546	–	–	51,546				
Financial asset measured at fair value										
Available-for-sale financial asset	7	–	–	920	–	920	–	–	920	920
Derivative financial asset	11	101	–	–	–	101	–	101	–	101
		101	–	920	–	1,021				
Financial liabilities not measured at fair value										
Unsecured bank loans	17	–	–	–	(36,669)	(36,669)				
Bills payable and trust receipts	17	–	–	–	(31,997)	(31,997)				
Trade and other payables ^	19	–	–	–	(6,011)	(6,011)				
		–	–	–	(74,677)	(74,677)				
Financial liabilities measured at fair value										
Derivative financial liabilities	19	(13)	–	–	–	(13)	–	(13)	–	(13)

#: Excludes prepayments

^: Exclude deposits, advances and derivative financial liabilities

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

27 Financial risk management (cont'd)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

(ii) Transfers between Level 1 and 2

There were no transfer between Level 1 and 2 in 2016 and 2015.

(iii) Level 3 fair values

Sensitivity analysis

Available-for-sale financial asset

If net asset value of equity security had been 10% higher with all other variables held constant, the increase in fair value of the investment and the corresponding increase in fair value change reserve for the year ended 31 December 2016 would have been $77,000 (2015: $92,000). Correspondingly, if net asset value of equity security had been 10% lower with all other variables held constant, the fair value of the investment and the fair value reserve would have decreased by an equal amount.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

28 Operating segments

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

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

Geographical information

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

	Singapore $'000	Malaysia $'000	Australia $'000	Thailand $'000	South Korea $'000	Others $'000	Total $'000
2016							
Total revenue from external customers	19,151	44,668	49,279	19,341	27,623	50,842	210,904
Non-current assets(i)	974	282	1,073	2	371	118	2,820
2015							
Total revenue from external customers	21,568	47,269	44,082	23,594	22,664	42,237	201,414
Non-current assets(i)	807	307	1,261	3	439	151	2,968

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

Major customer

For the years ended 31 December 2016 and 2015, there was no single customer that contributed to 10% or more of the Group's revenue.

SUPPLEMENTARY INFORMATION

1. CORPORATE GOVERNANCE STATEMENT

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

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

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

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

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

SUPPLEMENTARY INFORMATION

The number of Board and Board Committees meetings held during the financial year ended 31 December 2016 and the attendances of the directors at these meetings are set out below:

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

Notes : A - represents number of meetings held
B - represents number of attendance
* - by invitation
# - appointed a director on 8 December 2016, appointed a member of AC, RC and NC on 6 March 2017

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

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

SUPPLEMENTARY INFORMATION

Board Composition and Guidance

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

On 8 December 2016, the Board has appointed Mr Chen Timothy Teck Leng @ Chen Teck Leng as a director of the Company. Mr Chen is an independent member of the Board. With this appointment, the number of independent directors has increased from three to four. Currently, the Board consists of four executive directors, five non-executive and non-independent directors and four independent directors (one of whom is a lead independent director). The number of independent directors represents 31% of the Board, nearly make up one-third of the Board. The Board considers the independent element on the Board to be unimpaired and believes that there are sufficient independent elements that enable the Board to discharge its duties and responsibilities.

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

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

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

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

SUPPLEMENTARY INFORMATION

Chairman, President and Managing Director

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

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

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

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

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

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

Board Membership

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

The NC comprises six directors, four of whom are independent directors, one non-executive and non-independent director and one executive director. The independent directors who are members of the NC are Mr Hee Theng Fong (Chairman), Mr Lim Lee Meng, Ms Tham Khuan Heng and Mr Chen Timothy Teck Leng @ Chen Teck Leng, while the non-executive and non-independent director is Mr Ong Huat Kee and the executive director is Mr Ong Hock Siang @ Ong Huat Seong. Mr Chen Timothy Teck Leng @ Chen Teck Leng was appointed member of the NC on 6 March 2017.

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

SUPPLEMENTARY INFORMATION

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

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

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

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

(a) the geographical spread and diversity of the Group's businesses;

(b) the strategic direction and progress of the Group;

(c) the current composition of the Board; and

(d) the need for independence.

The Company's Constitution provides that at each annual general meeting of the Company, at least one-third of the directors for the time being shall retire from office by rotation. In addition, the Company's Constitution provides for all directors to retire from office at least once every three years. A retiring director is eligible for re-election at the annual general meeting. The NC has recommended the re-election of Mr Ong Huat Yew Peter, Mr Ong Huat Choo, Mr David Chong Tek Yew and Mr Ong Eng Waey Abel as directors of the Company at the forthcoming annual general meeting.

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

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

SUPPLEMENTARY INFORMATION

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

Name of director	Ong Hock Siang @ Ong Huat Seong	Ong Huat Kee	Ong Huat Yew, Peter	Ong Huat Choo
Brief write-up on background and working experience	Please refer to Group Management Team	Mr Ong is a Non-Executive and Non-Independent Director. Prior to December 2010, he was an Executive Director of the Company.	Please refer to Group Management Team	Mr Ong is a Non-Executive and Non-Independent Director. Prior to December 2010, he was the Deputy Managing Director/Executive Director of the Company.
Academic and professional qualifications	Bachelor of Economics and Political Science	Bachelor of Economics	–	–
Date of appointment/ (last re-election)	19 November 1966 (28 April 2016)	23 August 1970 (28 April 2016)	23 August 1970 (25 April 2014)	20 September 1974 (25 April 2014)
Nature of appointment	Chairman/ Executive Director	Deputy Chairman/ Non-Executive and Non-Independent Director	President/ Executive Director	Non-Executive and Non-Independent Director
Board committees served	Member of EC, NC and ERMC	Member of NC and ERMC	Chairman of ERMC and Member of EC	Member of ERMC
Present directorships in listed companies	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited
Past years directorships in listed companies	–	–	–	–

SUPPLEMENTARY INFORMATION

Name of director	David Chong Tek Yew	Ong Eng Waey, Abel	Ong Lay May, Apple	Ong Eng Mien, Malcolm	Ong Eng Chian, Kelvin
Brief write-up on background and working experience	Please refer to Group Management Team	Mr Ong is a Non-Executive and Non-Independent Director. Prior to March 2006, he was an Executive Director of the Company.	Ms Ong is a Non-Executive and Non-Independent Director. Prior to December 2010, she was an Executive Director of the Company.	Mr Ong is currently the managing director of Bowater Asia Pte Ltd. He has more than 25 years of sales and marketing experience in the pulp and paper industry primarily in the Asia and Pacific region.	Please refer to Group Management Team
Academic and professional qualifications	Bachelor of Commerce, Chartered Accountant	Bachelor of Arts	Bachelor of Science	Bachelor of Business Administration - Finance	Bachelor of Engineering
Date of appointment/ (last re-election)	1 July 1998 (25 April 2014)	27 October 1993 (28 April 2015)	27 October 1993 (28 April 2015)	28 May 2015 (28 April 2016)	17 July 2006 (28 April 2016)
Nature of appointment	Managing Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Deputy Managing Director
Board committees served	Member of EC and ERMC	–	Member of ERMC	–	Member of EC and ERMC
Present directorships in listed companies	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited
Past years directorships in listed companies	–	–	–	–	–

SUPPLEMENTARY INFORMATION

Name of director	Hee Theng Fong	Lim Lee Meng	Chen Timothy Teck Leng @ Chen Teck Leng	Tham Khuan Heng
Brief write-up on background and working experience	Mr Hee is currently a consultant of Harry Elias Partnership LLP and has been practising as an advocate for more than thirty years. He is also a director of several public listed companies.	Mr Lim is currently an executive director of LeeMeng Capital Pte. Ltd.. He was formerly a senior partner of RSM Chio Lim, a member firm of RSM International and has more than thirty years of experience in the profession. He is also a director of several public listed companies and an economic trade advisor to the Jiangsu Department of Commerce.	Mr Chen was appointed as a director of the Company on 8 December 2016. Mr Chen has more than thirty years of management experience in international finance, insurance, banking and corporate advisory work. He is also a director of several public listed companies.	Ms Tham was appointed the lead independent director in 2012. She was chief financial officer of a public listed company and a partner of an international public accounting firm.
Academic and professional qualifications	LLB (Hons)	CA (Singapore), MBA, ACIS, Diploma in Business Law	B.Sc. (Banking) MBA (Finance) Certified Corporate Director (ICD.D) Canada	CA (Singapore)
Date of appointment/ (last re-election)	1 May 1997 (28 April 2016)	1 May 1997 (28 April 2016)	8 December 2016	17 April 2003 (28 April 2015)
Nature of appointment	Independent Director	Independent Director	Independent Director	Lead Independent Director
Board committees served	Chairman of NC; Member of AC and RC	Chairman of RC; Member of AC and NC	Mr Chen was appointed a member of AC, RC and NC on 6 March 2017	Chairperson of AC; Member of NC and RC
Present directorships in listed companies	Tye Soon Limited Datapulse Technology Limited YHI International Limited Delong Holdings Limited First Resources Limited	Tye Soon Limited ARA-CWT Trust Management (Cache) Limited Teckwah Industrial Corporation Limited	Tye Soon Limited Yanzijiang Shipbuilding (Holdings) Ltd. Tianjin Zhong Xin Pharmaceutical Group Corporation Limited TMC Education Corporation Ltd. Logistics Holdings Limited Sysma Holdings Limited	Tye Soon Limited

SUPPLEMENTARY INFORMATION

Name of director	Hee Theng Fong	Lim Lee Meng	Chen Timothy Teck Leng @ Chen Teck Leng	Tham Khuan Heng
Past years directorships in listed companies	Sinomem Technology Limited	ARA Asset Management (Fortune) Limited ARA Trust Management (Suntec) Limited Europtronic Group Limited Datapulse Technology Limited	Sunmart Holdings Limited Hu An Cable Holdings Ltd. Xinren Aluminium Holdings Ltd.	–

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

Board Performance

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

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

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

Access to Information

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

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

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

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

SUPPLEMENTARY INFORMATION

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises four independent directors, namely Mr Lim Lee Meng (Chairman), Mr Hee Theng Fong, Ms Tham Khuan Heng and Mr Chen Timothy Teck Leng @ Chen Teck Leng. Mr Chen Timothy Teck Leng @ Chen Teck Leng was appointed member of the RC on 6 March 2017.

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

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

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

Level and Mix of Remuneration

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION

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

Disclosure of Remuneration

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

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2016 is set out below:

Remuneration bands	Salary (%)	Bonus (%)	Fee (%)	Allowances and other benefits (%)	Total (%)
Directors					
S$250,000 to S$500,000					
Ong Hock Siang @ Ong Huat Seong	60	22	6	12	100
Ong Huat Yew, Peter	57	22	6	15	100
David Chong Tek Yew	60	22	6	12	100
Ong Eng Chian, Kelvin	43	31	9	17	100
Below S$250,000					
Ong Huat Kee	–	–	100	–	100
Ong Huat Choo	–	–	100	–	100
Ong Eng Waey, Abel	–	–	100	–	100
Ong Lay May, Apple	–	–	100	–	100
One Eng Mien, Malcolm	–	–	100	–	100
Hee Theng Fong	–	–	100	–	100
Lim Lee Meng	–	–	100	–	100
Tham Khuan Heng	–	–	100	–	100
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	100	–	100

Name of key executive (who is not a director) (In alphabetical order)	Salary (%)	Bonus (%)	Allowances and other benefits (%)	Total (%)
S$250,000 to S$500,000				
Lai Choy Tong	74	10	16	100
Below S$250,000				
Frank Viola	62	–	38	100
Chua Kiong Min	80	2	18	100
Ng Sean Poh	80	2	18	100

On 31 December 2016, Mr Frank Viola has retired from his position as Managing Director of Imparts Automotive Pty Ltd ("Imparts") and ceased to be a key executive of the Company thereon. Frank has worked well within the Tye Soon Group and has agreed to remain a non-executive director of Imparts.

SUPPLEMENTARY INFORMATION

The Company has disclosed the remuneration of only four key executives, as there were only four management personnel (who are also not directors) whom the Company has identified as key executives. None of the directors have any immediate family member who is an employee of the Group for the financial year ended 31 December 2016.

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

ACCOUNTABILITY AND AUDIT

Accountability

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

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

Risk Management and Internal Controls

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

The Group has in place an Enterprise Risk Management ("ERM") Framework, which governs the risk management process in the Group. The ERM Framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. Using a matrix, the significant operational, financial and compliance risks of the Group have been established and mapped against existing strategies, policies, people and processes together with internal control systems including financial, operational, compliance and information technology controls and reporting mechanisms. The ownership of key risks lies with respective Heads of Corporate/Business Units who are responsible for implementing a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and- balances built into the business processes. The Group has implemented a control self-assessment program for its major business units. Risk owners of these business units carry out control self-assessments of key internal controls that mitigate key risks. Self-assessments of internal control are based on a set of qualitative assessment criteria. Internal audit conducts separate audits that involve testing the adequacy and effectiveness of internal controls to validate risk owner's rating of the strength of internal controls. During the financial year, the Board through the Audit Committee directed a review of the readiness of the Company against cyber threats. The management had initiated the review by engaging a professional cyber security advisory firm to conduct a high level assessment to determine the maturity of its current cyber security practices. As a result of the review, additional measures have been put in place to improve cyber security awareness and practices of the Company. The management will consider additional review and work required when necessary.

SUPPLEMENTARY INFORMATION

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

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

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

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

Audit Committee

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

The AC is currently chaired by Ms Tham Khuan Heng and comprises three other directors, namely Mr Lim Lee Meng, Mr Hee Theng Fong and Mr Chen Timothy Teck Leng @ Chen Teck Leng. Mr Chen Timothy Teck Leng @ Chen Teck Leng was appointed member of the AC on 6 March 2017. All four members of the AC are independent directors.

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

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

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

SUPPLEMENTARY INFORMATION

The functions of the AC include:

(a) reviewing the audit plans and scope of audit examination of the external auditors, and approving the audit plans of the internal auditors;

(b) reviewing the nature and extent of non-audit services, performed by the external auditors;

(c) making recommendations to the Board on the appointment, re-appointment and removal of the internal and external auditors, and approving the remuneration and terms of engagement of the internal and external auditors;

(d) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and the Company and any formal announcements relating to the Group's financial performance;

(e) evaluating the overall effectiveness of both the internal and external audits, through regular meetings with each group of auditors;

(f) evaluating the overall effectiveness of the internal audit function;

(g) determining that no restrictions are being placed by Management upon the work of the internal and external auditors;

(h) evaluating the adequacy of the internal control systems of the Group, by reviewing written reports from the internal and external auditors, and Management's responses and actions, to correct any deficiencies;

(i) evaluating adherence to the Group's administrative, operating and internal accounting controls;

(j) reviewing the annual and half-year financial statements, and announcements to shareholders, before submission to the Board for adoption;

(k) reviewing interested person transactions, to ensure that they are on normal commercial terms and are not prejudicial to the interests of the Company or its Shareholders; and

(l) considering other matters as requested by the Board.

SUPPLEMENTARY INFORMATION

The management has identified significant matters that are also included as key audit matters reported in the auditors' report. The accounting principles and management judgment in relation to the significant matters are as follows:

Significant matters:	Reviews and comments by the AC
• Valuation of inventories • Valuation of trade receivables	The AC has considered and discussed with the management on the approach and methodology applied in assessing the valuation of inventories and trade receivables. The AC has reviewed the reasonableness of the judgement applied in arriving at the estimate of write-down of inventories considering the age of the inventories, the prevailing market conditions and historical provisioning experience. The AC has also reviewed the reasonableness of the judgement in determining the allowance for impairment loss on trade receivables taking into consideration the historical trend of doubtful trade receivables. The use of judgment in assessing valuation of inventories and trade receivables were also included in the key audit matters identified by the external auditors. The AC has considered and are satisfied with the findings of the external auditors. Following the review, the AC concluded that the judgements applied were reasonable in preparing the financial statements for the year.

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

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

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

The AC reviewed the independence and objectivity of the external auditors through discussions with them, confirmation by them, as well as nature and extent of non-audit services provided by the external auditors during the financial year under review. The amount of non-audit fees paid to KPMG LLP was $17,350. In the opinion of the AC, the non-audit services would not affect the independence of the external auditors.

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

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

SUPPLEMENTARY INFORMATION

Internal Audit

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

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

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

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

Communication with Shareholders

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

SUPPLEMENTARY INFORMATION

The Company believes in timely and accurate dissemination of information to Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the listing rules of the SGX-ST and the Companies Act, Chapter 50. The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released either before or concurrently with, such meetings. Communication to Shareholders is normally made through:-

(a) annual reports that are prepared and issued to all Shareholders;

(b) semi-annual financial results containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for annual general meetings and extraordinary general meetings;

(d) disclosures to the SGX-ST; and

(e) the Group's website at http://www.tyesoon.com at which Shareholders can access information on the Group.

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

Conduct of Shareholder Meetings

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

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

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

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

2. INTERESTED PERSON TRANSACTIONS

No interested person transactions of S$100,000 or more were entered into during the financial year ended 31 December 2016.

SUPPLEMENTARY INFORMATION

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the directors, or controlling shareholder during the financial year ended 31 December 2016.

4. DEALINGS IN SECURITIES

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

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

(a) the implications of insider trading,

(b) advising Applicable Persons not to trade in the Company's securities on short term considerations; and

(c) a black out period for trading in the Company's securities commencing one month before the release of the Company's half year and full year financial results and ending on the date of the announcement of the relevant financial results.

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

5. USE OF PROCEEDS

The Group completed the sale of its properties in Waterloo Centre in Singapore on 1 March 2016. Gross proceeds amounted to $11.0 million. After deducting professional fees, net cash proceeds amounted to $10.96 million. $3.25 million of the net cash proceeds had been paid out to shareholders as a special dividend and the balance has been retained for the Group's working capital purposes.

SHAREHOLDING STATISTICS

As at 16 March 2017

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

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	35	0.83	1,817	0.00
100 – 1,000	1,935	45.86	1,323,366	1.52
1,001 - 10,000	1,876	44.47	6,757,140	7.74
10,001 - 1,000,000	365	8.65	20,027,863	22.95
1,000,001 and above	8	0.19	59,154,843	67.79
	4,219	100.00	87,265,029	100.00

Shareholdings Held in Hands of Public

Based on information available to the Company as at 16 March 2017, approximately 31.89% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	OBG & Sons Pte Ltd	45,064,359	51.64
2	Ong Huat Yew, Peter	2,746,767	3.15
3	Ong Huat Choo	2,684,100	3.08
4	Ong Hock Siang @ Ong Huat Seong	2,235,071	2.56
5	Ong Huat Kee	1,834,767	2.10
6	Ong Eng Waey, Abel	1,653,447	1.89
7	Ong Yuu Kock	1,552,666	1.78
8	David Chong Tek Yew	1,383,666	1.59
9	Kok Wen Fatt	912,800	1.05
10	Hong Leong Finance Nominees Pte Ltd	906,666	1.04
11	Lee Seck Yee	784,666	0.90
12	Kuan Bon Heng	779,000	0.89
13	Ong Eng Keng, Michael	731,780	0.84
14	Ong Lay May, Apple	600,000	0.69
15	United Overseas Bank Nominees Pte Ltd	449,266	0.51
16	DBS Nominees Pte Ltd	410,032	0.47
17	Tan Heng Lee Co Pte Ltd	400,000	0.46
18	Maybank Kim Eng Securities Pte Ltd	398,298	0.46
19	Low Chee Leng	366,800	0.42
20	Ong Eng Chian, Kelvin	366,708	0.42
		66,260,859	75.94

SHAREHOLDING STATISTICS

As at 16 March 2017

Substantial Shareholders as at 16 March 2017

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

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

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

Directors' Shareholdings in Tye Soon Limited as at 21 January 2017 (as shown in the Company's Register of Directors)

Ordinary shares fully paid

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

NOTICE OF 61ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 61st Annual General Meeting (***61st AGM***) of Tye Soon Limited (***Company***) will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Wednesday, 26 April 2017 at 10:00 am for the following purposes:

As Ordinary Business — Ordinary Resolution No.

1. To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2016, together with the auditors' report thereon. **(Resolution 1)**

2. To approve directors' fees of S$543,500 payable by the Company for the financial year ended 31 December 2016 (2015: S$538,000). **(Resolution 2)**

3. To re-elect the following directors who are retiring by rotation under regulation 104 of the Company's constitution (***Constitution***) and who, being eligible, offer themselves for re-election:

   (a) Mr Ong Huat Yew, Peter **(Resolution 3)**
   (b) Mr Ong Huat Choo **(Resolution 4)**
   (c) Mr David Chong Tek Yew **(Resolution 5)**
   (d) Mr Ong Eng Waey, Abel **(Resolution 6)**

4. To re-elect Mr Chen Timothy Teck Leng @ Chen Teck Leng, who is retiring by rotation under regulation 108 of the Company's Constitution and who, being eligible, offer himself for re-election. **(Resolution 7)**

5. To declare a final tax exempt one-tier dividend of 0.861 cents per ordinary share for the financial year ended 31 December 2016. **(Resolution 8)**

6. To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2017 and to authorise the directors to fix their remuneration. **(Resolution 9)**

7. To transact any other ordinary business that may properly be transacted at an annual general meeting.

As Special Business

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

8. Authority to allot and issue shares

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

   (a) (i) issue shares in the capital of the Company (***Shares***) whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements, or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

NOTICE OF 61ST ANNUAL GENERAL MEETING

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

provided that:

(1) the aggregate number of Shares to be issued under this resolution (including Shares to be issued in pursuance of the Instruments made or granted under this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (***SGX-ST***) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this resolution, after adjusting for:

   (a) new Shares arising from the conversion or exercise of convertible securities;

   (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act, Chapter 50, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 10)**

By Order of the Board of Directors

EVELYN WEE KIM LIN
Company Secretary
Tye Soon Limited

7 April 2017
Singapore

NOTICE OF 61ST ANNUAL GENERAL MEETING

Notes:

1. The Chairman of the 61st AGM will be exercising his right under regulation 70 of the Company's Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members at the 61st AGM and at any adjournment thereof. Accordingly, each resolution at the 61st AGM will be voted on by way of poll.

2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. Where such member's form of proxy appoints more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the appointments shall be invalid unless the member's form of proxy specifies the number and class of shares in relation to which each proxy has been appointed.

   "relevant intermediary" has the meaning ascribed to it in section 181 of the Companies Act, Chapter 50.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 3C Toh Guan Road East, #01-03, Singapore 608832 not less than 48 hours before the time appointed for holding the meeting.

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

Resolution 7

If re-elected, Mr Chen Timothy Teck Leng @ Chen Teck Leng will remain as member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company. He is considered an independent director.

Resolution 10

The proposed Resolution 10, if passed, will empower the directors, from the date of the 61st AGM until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares, with a sub-limit of 20% for Shares issued other than on a *pro rata* basis to Shareholders.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 61st AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the 61st AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 61st AGM (including any adjournment thereof) and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the ***Purposes***); and

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and agrees to provide the Company with written evidence of such prior consent upon reasonable request; and

(iii) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF 61ST ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND PAYMENT DATE FOR FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval by the shareholders of the final dividend (***Dividend***) at the 61st Annual General Meeting (***61st AGM***), the Register of Members and the Transfer Books of the Company will be closed at 5:00 pm on 9 May 2017 (***Books Closure Date***) for the preparation of dividend warrants.

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

The Dividend, if so approved by shareholders, will be paid on 19 May 2017.

Special Note: Dress Code

Please be informed that the 61st AGM shall be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 and Shareholders (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers. Your co-operation in complying with The Chevron's dress code is greatly appreciated.

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

61ST ANNUAL GENERAL MEETING

PROXY FORM

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

I/We ______________________________ (NRIC / Passport No.) ______________

of ____ (Address)

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

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

or failing him/them, the Chairman of the 61st Annual General Meeting (***61st AGM***) as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the 61st AGM of the Company to be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Wednesday, 26 April 2017 at 10:00 am and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the 61st AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the 61st AGM and at any adjournment thereof.

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

No.	Resolutions	For	Against
Ordinary Business			
1.	To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2016, together with the auditors’ report thereon.		
2.	To approve the directors’ fees for the year ended 31 December 2016.		
3.	To re-elect Mr Ong Huat Yew, Peter as a director.		
4.	To re-elect Mr Ong Huat Choo as a director.		
5.	To re-elect Mr David Chong Tek Yew as a director.		
6.	To re-elect Mr Ong Eng Waey, Abel as a director.		
7.	To re-appoint Mr Chen Timothy Teck Leng @ Chen Teck Leng as a director.		
8.	To declare the final dividend for the financial year ended 31 December 2016.		
9.	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
Special Business			
10.	General authority to the directors to issue shares and/or Instruments.		

Signed this ____________ day of April 2017.

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

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

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company (***Shares***) held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.

2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. Where such member's form of proxy appoints more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the appointments shall be invalid unless the member's form of proxy specifies the number and class of shares in relation to which each proxy has been appointed.

   "relevant intermediary" has the meaning ascribed to it in section 181 of the Companies Act, Chapter 50.

5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company)) must be deposited at the registered office of the Company at 3C Toh Guan Road East #01-03 Singapore 608832 not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject this instrument of proxy if it is incomplete improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if the member, being the appointer, is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of 61st AGM.

Special Note: Dress Code

Please be informed that the 61st Annual General Meeting shall be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 and the shareholders of the Company (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers. Your co-operation in complying with The Chevron's dress code is greatly appreciated.

TYE SOON LIMITED

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Singapore 608832
Tel: (65) 6567 8601
Fax: (65) 6567 8884
REGISTRATION NUMBER:195700114W