TYE SOON LIMITED

ANNUAL REPORT 2020

GK
LUK INA FAG
HITACHI
AISIN
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BORGWARNER
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BEHR
FIAMM
AUDI
JKC
HELLA
AISAN
NISSHINBO
MRK
JFBK
GARRETT
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STABILUS
GLOBAL BRANDS
OUR STRENGTH
DAIDO
VW
DBEST
WABCO
CONTITECH
SEIKEN
KNORR BREMSE
SANGSIN
NABCO
MERCEDES BENZ
DELPHI
NILES
ELRING
TEXTAR
ERNST
OPTIBELT
TOYO
IZUMI
MANN FILTER
GEMO
RAVENOL
FEBI
PIERBURG
WIX
TOYOTA
MAHLE
SANKEI
WAHLER
TBK
555
NOZUMI
NWB
MITSUBISHI
FBL
KYOSAN
MANDO
MATSUBA
CHAMPION
GMB
MAZDA
NISSAN
ISUZU
LEMFORDER SACHS ZF
NKN
VALEO
ULO
SALERI
TOKICO

TYE SOON LIMITED

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

Tham Khuan Heng
(Non-executive Chairman, appointed on 23 June 2020)
Ong Huat Choo
David Chong Tek Yew
Ong Lay May Apple
Ong Eng Chian Kelvin
Ong Eng Mien Malcolm
Lim Lee Meng
Chen Timothy Teck Leng @ Chen Teck Leng

Enterprise Risk Management Committee

David Chong Tek Yew
(Chairman, appointed on 23 June 2020)
Ong Eng Chian Kelvin
Ong Huat Choo
Ong Lay May Apple
Ong Eng Mien Malcolm

Audit Committee

Tham Khuan Heng (Chairman)
Lim Lee Meng
Chen Timothy Teck Leng @ Chen Teck Leng

Nominating Committee

Chen Timothy Teck Leng @ Chen Teck Leng (Chairman)
Lim Lee Meng
Tham Khuan Heng

Remuneration Committee

Lim Lee Meng (Chairman)
Tham Khuan Heng
Chen Timothy Teck Leng @ Chen Teck Leng

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
– Shelley Chan Hoi Yi
(Appointed in financial year 2018)

Main Bankers

DBS Bank
Maybank
The Hongkong and Shanghai Banking Corporation
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	2016	2017	2018	2019	2020
Revenue	210,904	216,623	216,106	222,048	198,236
Profit/(Loss) before tax	7,373	1,694	(395)	563	2,336
Tax expense	(594)	(900)	(689)	(284)	(1,060)
Profit/(Loss) for the year	**6,779**	**794**	**(1,084)**	**279**	**1,276**
Non-controlling interests	(57)	(69)	(60)	(53)	(52)
Attributable profit/(loss)	**6,722**	**725**	**(1,144)**	**226**	**1,224**
Earnings per share (cents)	**7.70**	**0.83**	**(1.31)**	**0.26**	**1.40**

Financial Position $'000	2016	2017	2018	2019	2020
Plant and equipment	2,362	1,987	1,610	1,161	961
Right-of-use assets	-	-	-	7,526	7,358
Goodwill	105	104	96	94	102
Other non-current tangible assets	2,391	2,359	2,109	2,292	2,525
Current assets	157,963	154,796	152,881	154,215	150,104
Total assets	**162,821**	**159,246**	**156,696**	**165,288**	**161,050**
Equity attributable to owners of the Company					
Share capital	38,057	38,057	38,057	38,057	38,057
Reserves	17,090	17,722	14,739	14,040	16,417
Share capital and reserves	**55,147**	**55,779**	**52,796**	**52,097**	**54,474**
Non-controlling interests	258	322	347	400	450
Total equity	**55,405**	**56,101**	**53,143**	**52,497**	**54,924**
Current liabilities	106,633	102,255	102,770	108,085	97,019
Non-current liabilities	783	890	783	4,706	9,107
Total liabilities	**107,416**	**103,145**	**103,553**	**112,791**	**106,126**
Total equity and liabilities	**162,821**	**159,246**	**156,696**	**165,288**	**161,050**
Net tangible assets per share (cents)	**63.20**	**63.90**	**60.50**	**59.70**	**62.40**

DISTRIBUTION EXCELLENCE

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

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

CHAIRMAN'S STATEMENT

The Board welcomed me as Non-Executive Chairman in June 2020 after Mr. Hee Theng Fong stepped down at the close of the Company's 64th AGM. This was partly the result of a review made by the Company on the size and composition of the Board in the light of changes to the Code of Corporate Governance and the Listing Rules of the SGX. At the same time, Messrs. Ong Hock Siang, Ong Huat Kee and Peter Ong Huat Yew also left the Board as a result of the afore-mentioned review. Mr. Abel Ong Eng Waey did not seek re-election at the 64th AGM due to personal and health reasons. On behalf of the Board, I would like to place on record the Company's appreciation to Messrs. Hee, HS Ong, HK Ong, Peter Ong and Abel Ong for their past contributions as members of the Board.

FY20 was by no means a normal year by any standard due to the COVID-19 situation. I am pleased to report that the Group managed to achieve a higher profit despite experiencing a fall in turnover. This is indeed a commendable effort by the group management team. Please refer to the Business Review section on the write up of the year's performance.

FY21, without doubt, will present yet another set of challenges in a COVID-constrained business environment. I am optimistic, however, that the group management team will be able to leverage on the Group's fundamental strengths to navigate through the year.

Just a few days ago on 19 March 2021, the Company was informed by its controlling shareholder, OBG & Sons Pte Ltd (OBG), that OBG has entered into a conditional sale and purchase agreement with Bapcor Asia Pte. Ltd. (Bapcor Asia) for the sale of shares amounting to 25% of the Company's issued and paid-up capital. Bapcor Asia is a wholly-owned subsidiary of Bapcor Limited, a company listed on the Australian Securities Exchange and the leading vehicle parts and accessories provider in the Asia Pacific. Completion is expected to take place by end April 2021. Post-completion, I expect the group management team will work closely with Bapcor Limited to achieve the potential that such a transaction can bring including enhanced shareholder value.

Tham Khuan Heng
Chairman
25 March 2021

BUSINESS REVIEW

Review of Performance

FY20 was an extraordinary year for the speed and extent the COVID-19 pandemic emerged and engulfed the world. The Group's business started the year on a positive note following record sales for a six-month period in 2H19 but was adversely affected by the effects of temporary business closures arising from lockdown measures imposed in some of the countries where it operates and where it exports to. Group turnover for the year declined by 10.7% to $198.2 million.

The year started well for the export-based business in Singapore with sales growth at 16.6% for YTDFeb20. A sharp drop off, however, ensued in April and May with the Circuit Breaker in Singapore as well as an increasing number of export markets facing lockdown restrictions. Though the rest of the year remained impacted by lower level of shipments with most export markets operating under lockdown restrictions at one stage or another, the Group managed to recover from the low levels seen in the second quarter as the business benefitted from having a geographically diversified customer base and a large portfolio of brands. Turnover ended the year 24.3% lower in comparison with FY19.

Despite being affected by poorer sentiment due to the COVID-19 situation, the business in South Korea carried on largely uninterrupted throughout the year as the South Korean government did not impose a general lockdown on businesses. The business managed to increase revenue by 11.1% in KRW terms, or 10.9% in SGD terms, on the back of healthy customer demand.

Turnover in Australia improved by 4.5% in AUD terms, or 5% in SGD terms, as the business shifted back into growth against a backdrop of firmer customer demand especially in 2H20 despite the dampening effects of partial lockdowns during the year.

Turnover for the business in Malaysia was higher by 10.5% in MYR terms for the first two months of the year as business momentum, on the back of market share improvements, carried over from the previous year. The business environment, however, was interrupted abruptly when the country declared lockdown measures under a Movement Control Order in March 2020. The ensuing mandatory closure for the business for a period of just over a month and a half resulted in a sharp drop off in sales for the second quarter. Although business levels climbed back up in 2H20, the recovery was unable to completely make up for lost sales. Turnover for the year ended 11.6% lower in MYR terms, or 11.9% in SGD terms, compared to FY19.

The gross margin rate for the Group improved due to the higher proportion of sales to the repair workshop level. That improvement, however, was not sufficient to offset the effects of the reduced level of business. Total margins decreased by $1.1 million.

Government-driven stimuli and aid programs in response to the COVID-19 situation featured in certain jurisdictions the Group operates in. These mainly related to wage and other operating cost subsidies. These made up almost all of the increase in other income.

In addition to such wage and other operating cost subsidies, the Group put in place cost-saving measures and reigned in other costs resulting in cost savings amounting to $1.1 million in aggregate, the main areas of which related to logistics, premises and travelling/hospitality related costs. Logistics costs decreased by $0.5 million, premises costs by $0.3 million and travelling/hospitality related costs by $0.3 million.

BUSINESS REVIEW

Total finance costs came down by $0.8 million as the Group reduced the average level of borrowings as well as benefitted from lower funding costs during the period.

Despite experiencing a lower level of business, the combination of cost-saving measures, the realignment of expenditures and government aid contributed much to the improvement in profit from operations before foreign exchange gain/loss, from a profit of $0.8 million in FY19 to a profit of $2.6 million in FY20.

Foreign exchange losses amounted to $0.3 million in FY20 in comparison with $0.2 million in FY19.

As a result, profit before tax improved from $0.6 million in FY19 to $2.3 million in FY20. The respective figures after tax were a profit of $0.3 million in FY19 and a profit of $1.3 million in FY20.

Commentary on FY21

It was stated in the Group's previous full year results announcement on 24 February 2020 in the early stages of the Covid-19 situation that "Whilst the Group cannot be expected to totally avoid the impact from this (pandemic) fallout, it is expected to be less severely affected in comparison with many other companies in the broader automotive sector." The explanation for this view was also set out in the said announcement.

The resilience mentioned in the explanation was borne out in the results achieved in FY20. Though the Group's business was, as expected, adversely affected as Group turnover declined by 10.7%, the Group was able to fall back on its strengths, notably the Group's operational presence in a wide geographical area and its large portfolio of global brands, to successfully navigate FY20 and remain on a profitable course.

In addition to operational performance, financial liquidity management was put on an elevated priority during FY20. The Group ended the year with Loans and Borrowings (amounts owing to banks) at $65.8 million, $12.0 million lower than at the previous year end on 31 December 2019. Cash at bank at the end of the year stood at $21.1 million, $3.6 million higher than at the previous year end.

Based on the foregoing, the Group is well placed to navigate the current financial year. FY21 has started on a good footing with early sales figures showing some encouragement, a further source for some cautious optimism. However, how the year will actually pan out for the Group would still depend on whether a reasonable Covid-normal prevails. A recurring cycle involving the emergence and subsidence of caseloads throughout the year in countries where the Group either operates or exports to is still expected, but the caveat would be that such recurrence would not involve any restriction on the use of vehicles, the shutdown of the automotive repair and parts distribution sectors or a prolonged temporary shutdown of the Group's operations imposed by a government authority.

NOTES FROM THE EXECUTIVES

Like what was said in the Business Review, FY20 was an extraordinary year. Despite the drop in turnover due to challenges that came with the COVID-19 situation, the Group achieved a higher level of profit. Grit and industry knowledge played a major role. The Group worked in close unison with brand principals and suppliers, customers, service providers, financial institutions and other stakeholders to navigate through FY20. Again, the twin business enablers comprising the Group's widespread customer base and the Group's large brand portfolio shone through.

Operationally, it is never easy to predict what might come next in a year like this. We are, however, confident about the positioning of our Group's businesses in the market segments it is engaged in. Business in FY21 has started on a good footing. We have reason to look forward with confidence.

Bapcor Limited's intended investment in the Company (completion is expected to take place by the end of April 2021 as stated in the announcement dated 19 March 2021) is a vote of confidence in the Group's business platform as well as its prospects. This investment gives us an opportunity to work closely with the Bapcor Group to complement their substantial and established areas of strength. We look forward to their participation.

David Chong
Managing Director

Kelvin Ong
Deputy Managing Director

BOARD OF DIRECTORS

THAM KHUAN HENG
Non-executive Chairman
Independent Director

DAVID CHONG TEK YEW
Managing Director

ONG ENG CHIAN KELVIN
Deputy Managing Director

ONG HUAT CHOO
Non-executive and
Non-independent Director

ONG LAY MAY APPLE
Non-executive and
Non-independent Director

ONG ENG MIEN MALCOLM
Non-executive and
Non-independent Director

LIM LEE MENG
Independent Director

CHEN TIMOTHY TECK LENG @ CHEN TECK LENG
Independent Director

ADVISERS

ONG HOCK SIANG

ONG HUAT YEW PETER

GROUP MANAGEMENT TEAM

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.

ADVISERS

ONG HOCK SIANG

Mr Ong has been with the Group since 1966. He was appointed as adviser to Management on 23 June 2020. Prior to this appointment, he was an executive director of the Company. 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

Mr Ong has been with the Group since 1965. He was appointed as adviser to Management on 23 June 2020. Prior to this appointment, he was the President and an executive director of the Company. He was appointed Managing Director in 2002 and President in February 2014. Mr Ong was the President of The Singapore Cycle and Motor Traders' Association from 2014 to 2020.

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 2020.

In our opinion:

(a) the financial statements set out on pages 23 to 99 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 2020 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 (International); 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 Huat Choo
David Chong Tek Yew
Ong Lay May, Apple
Ong Eng Chian, Kelvin
Ong Eng Mien, Malcolm
Lim Lee Meng
Tham Khuan Heng
Chen Timothy Teck Leng @ Chen Teck Leng

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 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 in the name of the director, spouse and children — At beginning of the year	At end of the year
The Company		
Tye Soon Limited		
Ordinary shares fully paid		
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	402,708	402,708
Ong Eng Mien, Malcolm	52,666	52,666
Immediate and Ultimate Holding Company		
OBG & Sons Pte Ltd		
Ordinary shares fully paid		
Ong Huat Choo	19,169	19,169
Ong Lay May, Apple	4,617	4,617
Ong Eng Chian, Kelvin	1,385	1,385
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 at the end of the financial year.

There were no changes in any of the abovementioned interests in the Company between the end of the financial year and 21 January 2021.

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.

DIRECTORS' STATEMENT

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 options.

Audit Committee

Throughout the financial year, the Company has complied with the guidelines listed in the Code of Corporate Governance 2018 (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 (Chairman)	Independent director
Lim Lee Meng	Independent director
Chen Timothy Teck Leng @ Chen Teck Leng	Independent director

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

In performing its functions, the Audit Committee also reviewed the overall scope of the external and internal audits, and the assistance given by the Company's officers to the auditors. It met with the Company's external and internal auditors to discuss the scope of their work, results of their examinations and evaluation of the Company's internal accounting control system. The Audit Committee also considered the report from external auditors, including their findings on the significant risks and audit focus areas.

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

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

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

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

DIRECTORS' STATEMENT

Auditors

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

On behalf of the Board of Directors

David Chong Tek Yew
Director

Ong Eng Chian Kelvin
Director

25 March 2021

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 2020, 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 23 to 99.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2020 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 **Refer to Note 3.7 and Note 11 to the financial statements**	
The key audit matter	*How the matter was addressed in our audit*
Inventories represent 62% (2019: 63%) of the Group's total assets as at 31 December 2020. There is a risk that the carrying value of inventories may exceed their net realisable value due to physical obsolescence and damage, slow market demand, or increased competition. 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 inventory utilisation experience which requires management judgement.	Our audit procedures included, amongst others: ■ Tested the ageing profile prepared by management on a sample basis to place reliance on the ageing profile for our procedures. For slow moving inventories identified by management to be more susceptible to write-down, reviewed management's assessment on a sample basis by comparing to historical sales trend, in-house and third-party sales prices available and/or to the continued existence of the car model used; ■ Tested the net realisable value of inventories on a sample basis by comparing the cost to sale prices subsequent to the financial year end or the available third-party sales prices; and ■ Attended stock count for a sample of locations to observe for physical damage on those inventories counted and where such damage was observed, reviewed the write-down recorded by management where applicable. *Our findings* We found management's assumptions and estimates used in the valuation of the Group's inventories to be within range of estimates used in our evaluation.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

Valuation of trade receivables **Refer to Note 3.8, Note 12 and Note 25 to the financial statements**	
The key audit matter	*How the matter was addressed in our audit*
Trade receivables represent 16% (2019: 18%) of the Group's total assets as at 31 December 2020. The recovery of trade receivables is dependent on the individual customers' credit standing. There is a risk of impairment loss on outstanding trade receivables as the current economic uncertainties may exert a downward pressure on the individual customers' credit standing. Judgement is required in determining when a trade receivable is credit-impaired which includes consideration of credit-worthiness of the customers, collection patterns and observable data such as significant financial difficulty of the customer. In estimating expected credit losses for trade receivables, judgement is made to determine if past credit loss information reflect the appropriate levels of credit risk of the trade receivables and if additional adjustments are required to be made to the expected credit loss estimates.	Our audit procedures included, amongst others: ■ Tested the ageing profile prepared by management on a sample basis to place reliance on the ageing profile for our procedures. ■ Assessed the recoverability of significant and/or long outstanding trade receivables, by challenging management's assessment taking into account information such as historical payment patterns and subsequent receipts, if any; and ■ Assessed the reasonableness of key assumptions and estimates used in the expected credit loss model and tested the completeness and accuracy of data inputs in the model such as agreeing the historical credit losses to actual amounts written off. *Our findings* We found management's assessment on credit-impaired trade receivables and the estimates used in the expected credit losses on trade receivables to be within range of estimates used in our evaluation.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

<table>
<tr><th colspan="2">Valuation of plant and equipment and right-of-use assets
Refer to Note 3.4, Note 3.6, Note 3.8, Note 4 and Note 5 to the financial statements</th></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's net asset value which exceeded its market capitalisation by $47,538,000 (2019: $43,771,000) as at 31 December 2020, indicates that there is an indicator of impairment of the Group's plant and equipment and right-of-use assets.

Management has identified the existence of impairment indicators on the plant and equipment and right-of-use assets in relation to the Tye Soon Limited cash generating unit ("CGU") given the continued losses incurred by the CGU. Consequently, management conducted an impairment assessment on its plant and equipment and right-of-use assets.

Impairment assessment involves estimating the recoverable amounts of the cash generating unit ("CGU") to which the non-financial assets belong. The recoverable amount is dependent on the assumptions used in estimating future cash flows and applying an appropriate discount for each CGU which requires management judgement.</td><td>Our audit procedures included, amongst others:

■ Assessed the appropriateness of CGUs identified;

■ Assessed the key assumptions used by management in the cash flow projections to derive the recoverable amounts of the CGUs and challenged management's estimates of the revenue growth rates and profit margin used in the cash flow projections by corroborating to past performance; and

■ Independently derived the applicable discount rate using the weighted average cost of capital method and compared it to the discount rate used by management.

Our findings

We found the methodology used by management to be in line with generally accepted market practices and the key assumptions used in the determination of recoverable amounts to be within the range of estimates used in our evaluation.</td></tr>
</table>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

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 SFRS(I), 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 Group's internal controls.

- 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 Group 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company - Tye Soon Limited

- 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 Shelley Chan Hoi Yi.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 Decemeber 2020

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Assets					
Plant and equipment	4	961	1,161	326	414
Right-of-use assets	5	7,358	7,526	2,265	3,750
Goodwill		102	94	–	–
Subsidiaries	6	–	–	24,709	24,546
Associate	7	185	133	162	162
Other investment	8	815	815	815	815
Deferred tax assets	9	1,525	1,344	–	–
Loan receivables	10	–	–	–	–
Non-current assets		10,946	11,073	28,277	29,687
Current tax assets		139	250	–	–
Inventories	11	100,310	103,440	33,456	33,274
Trade and other receivables	12	28,525	32,980	37,792	50,008
Cash and cash equivalents		21,130	17,545	10,997	7,686
Current assets		150,104	154,215	82,245	90,968
Total assets		161,050	165,288	110,522	120,655
Equity					
Share capital	13	38,057	38,057	38,057	38,057
Reserves	14	16,417	14,040	1,910	3,635
Equity attributable to owners of the Company		54,474	52,097	39,967	41,692
Non-controlling interests		450	400	–	–
Total equity		54,924	52,497	39,967	41,692
Liabilities					
Loans and borrowings	15	4,371	–	4,371	–
Lease liabilities	5	3,699	3,901	950	2,234
Employee benefits	16	1,013	776	–	–
Deferred tax liabilities	9	24	29	–	–
Non-current liabilities		9,107	4,706	5,321	2,234
Loans and borrowings	15	61,450	77,767	49,373	64,704
Lease liabilities	5	3,798	3,612	1,365	1,511
Trade and other payables	17	29,611	25,512	13,123	9,492
Contract liabilities	18	1,373	1,037	1,373	1,022
Current tax liabilities		787	157	–	–
Current liabilities		97,019	108,085	65,234	76,729
Total liabilities		106,126	112,791	70,555	78,963
Total equity and liabilities		161,050	165,288	110,522	120,655

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

CONSOLIDATED
INCOME STATEMENT

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue	18	198,236	222,048
Other income		1,115	168
Changes in inventories of finished goods		(3,130)	841
Cost of purchases		(152,649)	(179,658)
Staff costs		(22,129)	(21,963)
Depreciation expenses		(4,877)	(4,929)
Other operating expenses	19	(11,852)	(12,679)
Finance costs	20	(2,428)	(3,201)
Share of profit/(loss) of an associate (net of tax)	7	50	(64)
Profit before tax		2,336	563
Tax expense	21	(1,060)	(284)
Profit for the year		1,276	279
Profit attributable to:			
Owners of the Company		1,224	226
Non-controlling interests		52	53
Profit for the year	22	1,276	279
Earnings per share			
Basic and diluted earnings per share (cents)	23	1.40	0.26

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Profit for the year		1,276	279
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation of a subsidiary	16	(156)	(224)
		(156)	(224)
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		1,307	(701)
		1,307	(701)
Other comprehensive income for the year, net of tax		1,151	(925)
Total comprehensive income for the year		2,427	(646)
Total comprehensive income attributable to:			
Owners of the Company		2,377	(699)
Non-controlling interests		50	53
Total comprehensive income for the year		2,427	(646)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	← 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 2019	38,057	3,501	(105)	(6,622)	17,965	52,796	347	53,143
Total comprehensive income for the year								
Profit for the year	–	–	–	–	226	226	53	279
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(701)	–	(701)	–	(701)
Remeasurement of defined benefit obligation of a subsidiary	–	–	–	–	(224)	(224)	–	(224)
Total other comprehensive income	–	–	–	(701)	(224)	(925)	–	(925)
Total comprehensive income for the year	–	–	–	(701)	2	(699)	53	(646)
At 31 December 2019	38,057	3,501	(105)	(7,323)	17,967	52,097	400	52,497
At 1 January 2020	38,057	3,501	(105)	(7,323)	17,967	52,097	400	52,497
Total comprehensive income for the year								
Profit for the year	–	–	–	–	1,224	1,224	52	1,276
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	1,309	–	1,309	(2)	1,307
Remeasurement of defined benefit obligation of a subsidiary	–	–	–	–	(156)	(156)	–	(156)
Total other comprehensive income	–	–	–	1,309	(156)	1,153	(2)	1,151
Total comprehensive income for the year	–	–	–	1,309	1,068	2,377	50	2,427
At 31 December 2020	38,057	3,501	(105)	(6,014)	19,035	54,474	450	54,924

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit before tax		2,336	563
Adjustments for:			
Depreciation of plant and equipment	4	377	444
Depreciation of right-of-use assets	5	4,500	4,485
(Gain)/Loss on disposal of plant and equipment	22	(4)	1
Share of (profit)/loss of an associate (net of tax)	7	(50)	64
Impairment losses/(Reversal of impairment losses) on trade receivables	25	1	(80)
Write-down of inventories	11	963	636
Interest income	22	(16)	(29)
Finance costs	20	2,428	3,201
Unrealised foreign exchange gain		536	(175)
Gain on derecognition of right-of-use assets		(5)	–
		11,066	9,110
Changes in working capital			
Changes in inventories		3,556	(2,017)
Changes in trade and other receivables		4,733	2,225
Changes in trade and other payables		3,999	2,877
Changes in contract liabilities		336	(36)
Changes in bills payable and trust receipts		(1,311)	524
Cash generated from operating activities		22,379	12,683
Tax paid		(445)	(454)
Interest paid for bills payable and trust receipts		(1,040)	(1,591)
Net cash from operating activities		20,894	10,638
Cash flows from investing activities			
Interest received		16	29
Proceeds from sale of plant and equipment		9	4
Acquisition of right-of-use asset		–	(13)
Acquisition of plant and equipment		(156)	(104)
Net cash used in investing activities		(131)	(84)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from financing activities			
Payment of lease liabilities		(4,342)	(4,321)
Proceeds from borrowings		23,080	13,521
Repayment of borrowings		(34,713)	(15,032)
Interest paid for lease liabilities and unsecured bank loans		(1,561)	(1,706)
Net cash used in financing activities		(17,536)	(7,538)
Net increase in cash and cash equivalents		3,227	3,016
Cash and cash equivalents at the beginning of the year		17,545	14,705
Effect of exchange rate changes on the balance of cash held in foreign currencies		358	(176)
Cash and cash equivalents at the end of the year		21,130	17,545

Non-cash transaction:

In 2020, the Group recognised right-of-use asset with an aggregate cost of $4,219,000 (2019: $4,310,000), of which $4,219,000 (2019: $4,254,000) was recognised as lease liabilities and $Nil (2019: $43,000) pertains to provision for site restoration.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2021.

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 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted associate.

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

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes 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 judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Notes 4 and 5 – Valuation of plant and equipment and right-of-use assets
- Note 11 – Valuation of inventories
- Note 25 – Valuation of trade receivables

Measurement of fair values

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. Basis of preparation (cont'd)

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I)s for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)*
- *Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)*

The application of these amendments to standards and interpretations did not have a material effect in the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (NCI) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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 date of acquisition 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.

NCI 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 NCI's 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 NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 (OCI) 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 investment 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.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses (except for foreign currency transaction gains or losses) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

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 translated 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 translated 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 translation are recognised in profit or loss. However, foreign currency differences arising from the translation of an equity investment designated as at fair value through other comprehensive income (FVOCI) are recognised in OCI.

Foreign operations

The assets and liabilities of foreign operations, including 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.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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 NCI. 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 OCI, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred: or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) 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. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require 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 issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected credit loss (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

3.4 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.4 Plant and equipment (cont'd)

Recognition and measurement (cont'd)

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

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

Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of 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 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 plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

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 associate, 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 associate.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

3. Significant accounting policies (cont'd)

3.6 Leases (cont'd)

(i) As a lessee (cont'd)

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise one or more of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The election for short-term leases shall be made by classes of assets to which the right of use relates.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.6 Leases (cont'd)

(ii) As a lessor **(cont'd)**

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the short-term lease exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.8(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Rental income from sub-leased property is recognised as 'other income'.

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 necessary to make the sale.

3.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- lease receivables; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) 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.

3. Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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

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

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

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

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.9 Employee benefits (cont'd)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating 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. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The discount rate is determined based on the market rate of high-quality corporate bond which has similar monetary unit and same expiration with defined benefit plan at the reporting date. The rate is a linear interpolation of the market rate considering the expected average of remaining service periods.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability comprise actuarial gain and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

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.

3. Significant accounting policies (cont'd)

3.9 Employee benefits (cont'd)

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.

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

Goods sold

Revenue from the sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual standalone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue is recognised at a point in time following the timing of satisfaction of the PO.

3.12 Other income

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'.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.12 Other income (cont'd)

Interest income

Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. Interest income is recognised as 'other income'.

Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it become receivable.

3.13 Finance costs

The Group's finance costs include interest expense.

Interest expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the liability.

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.

Interest expense for bills payable and trust receipts are primarily derived from revenue-producing activities. Therefore, the interest expense is classified as operating cash flows in statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.14 Income tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured 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. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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 tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE
FINANCIAL STATEMENTS

Year ended 31 December 2020

3. Significant accounting policies (cont'd)

3.14 Income tax (cont'd)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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) "which is the Chief Operating Decision Maker (CODM)" 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 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SFRS(I) are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *COVID-19-Related Rent Concessions (Amendment to SFRS(I) 16)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. Plant and equipment

	Furniture, fittings and office equipment $'000	Plant and machinery $'000	Renovations $'000	Motor vehicles $'000	Computers $'000	Total $'000
Group						
Cost						
At 1 January 2019	5,846	323	315	744	993	8,221
Additions	75	4	6	–	19	104
Disposals/Write-off	(189)	(50)	–	(59)	(27)	(325)
Effect of movements in exchange rates	(61)	(5)	(5)	–	(13)	(84)
At 31 December 2019	5,671	272	316	685	972	7,916
Additions	87	15	12	2	40	156
Disposals/Write-off	(19)	–	(1)	(62)	(14)	(96)
Effect of movements in exchange rates	127	13	4	3	34	181
At 31 December 2020	5,866	300	331	628	1,032	8,157
Accumulated depreciation						
At 1 January 2019	4,776	289	187	589	850	6,691
Depreciation	279	13	42	50	60	444
Disposals/Write-off	(184)	(50)	–	(59)	(27)	(320)
Effect of movements in exchange rates	(42)	(4)	(2)	–	(12)	(60)
At 31 December 2019	4,829	248	227	580	871	6,755
Depreciation	241	8	38	45	45	377
Disposals/Write-off	(14)	–	(1)	(61)	(14)	(90)
Effect of movements in exchange rates	103	12	2	3	34	154
At 31 December 2020	5,159	268	266	567	936	7,196
Carrying amounts						
At 1 January 2019	1,070	34	128	235	143	1,610
At 31 December 2019	842	24	89	105	101	1,161
At 31 December 2020	707	32	65	61	96	961

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. Plant and equipment (cont'd)

	Furniture, fittings and office equipment $'000	Plant and machinery $'000	Renovations $'000	Motor vehicles $'000	Computers $'000	Total $'000
Company						
Cost						
At 1 January 2019	3,180	43	124	357	284	3,988
Additions	7	–	–	–	7	14
Disposals	–	–	–	(20)	–	(20)
At 31 December 2019	3,187	43	124	337	291	3,982
Additions	3	3	–	–	38	44
Disposals	–	–	–	(40)	–	(40)
At 31 December 2020	3,190	46	124	297	329	3,986
Accumulated depreciation						
At 1 January 2019	2,905	43	76	228	194	3,446
Depreciation	47	–	21	39	35	142
Disposals	–	–	–	(20)	–	(20)
At 31 December 2019	2,952	43	97	247	229	3,568
Depreciation	45	1	19	37	30	132
Disposals	–	–	–	(40)	–	(40)
At 31 December 2020	2,997	44	116	244	259	3,660
Carrying amounts						
At 1 January 2019	275	–	48	129	90	542
At 31 December 2019	235	–	27	90	62	414
At 31 December 2020	193	2	8	53	70	326

Impairment assessment

The Group assesses the impairment of plant and equipment and right-of-use assets (Note 5) whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In 2020, management assessed that there were indicators of impairment on the plant and equipment and right-of-use assets (Note 5) in the Tye Soon Limited CGU given the continued losses incurred by the CGU. Consequently, management carried out an assessment of the recoverable amount of the plant and equipment and right-of-use assets (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. Plant and equipment (cont'd)

Impairment assessment (cont'd)

The recoverable amount of the Tye Soon Limited CGU's plant and equipment and right-of-use assets (Note 5) was estimated based on the present value of the future cash flows expected to be derived by the respective cash generating units (CGU) (i.e. value in use). The key assumptions applied in the computation of value in use include:

	Tye Soon Limited CGU	
	2020	**2019**
3 years compounded revenue growth rate	6%	2%
Pre-tax discount rate	15.1%	19.7%

Another key assumption applied in the computation of value in use of Tye Soon Limited CGU is profit margin which was not disclosed due to the sensitivity of the information.

The cash flow projections were based on the forecasts prepared by management which considered current operating results and available market information. Based on management's assessment, there was no impairment loss to be recognised at the reporting date.

Management has assessed that reasonably possible changes in the key assumptions would not result in the carrying amount of plant and equipment to exceed its recoverable amount.

The key assumptions used in computing the value in use of plant and equipment and right-of-use assets are subject to estimate uncertainties. If business conditions were different especially those caused by extreme circumstances that cannot reasonably be predicted, it is likely that materially different amounts could be reported in the Group's financial statements.

5. Leases

Leases as lessee SFRS(I) 16

The Group leases building, office equipment, plant and machinery and motor vehicles. The leases typically run for a period between 1 to 6 years, with an option to renew the lease after that date. Lease payments are renegotiated based on current market rentals.

The Group leases some warehouses and motor vehicles with contract terms of one to three years. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

5. Leases (cont'd)

Right-of-use assets

	Buildings $'000	Office equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group					
Cost					
At 1 January 2019	6,299	64	201	1,218	7,782
Additions	3,683	–	118	509	4,310
Effect of movements in exchange rates	(20)	–	(1)	(8)	(29)
At 31 December 2019	9,962	64	318	1,719	12,063
At 1 January 2020	9,962	64	318	1,719	12,063
Additions	3,550	–	88	581	4,219
Derecognition/Write-off	(819)	(31)	(117)	(15)	(982)
Effect of movements in exchange rates	400	–	7	132	539
At 31 December 2020	13,093	33	296	2,417	15,839

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

5. Leases (cont'd)

Right-of-use assets (cont'd)

	Buildings $'000	Office equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group					
Accumulated depreciation					
At 1 January 2019	–	–	–	65	65
Depreciation	3,712	17	136	620	4,485
Effect of movements in exchange rates	(9)	–	(1)	(3)	(13)
At 31 December 2019	3,703	17	135	682	4,537
At 1 January 2020	3,703	17	135	682	4,537
Depreciation	3,625	17	142	716	4,500
Derecognition/Write-off	(681)	(19)	(100)	(15)	(815)
Effect of movements in exchange rates	176	–	6	77	259
At 31 December 2020	6,823	15	183	1,460	8,481
Carrying amounts					
At 1 January 2019	6,299	64	201	1,153	7,717
At 31 December 2019	6,259	47	183	1,037	7,526
At 31 December 2020	6,270	18	113	957	7,358
Company					
Cost					
At 1 January 2019	3,124	64	79	–	3,267
Additions	2,116	–	117	67	2,300
At 31 December 2019	5,240	64	196	67	5,567
At 1 January 2020	5,240	64	196	67	5,567
Additions	56	–	73	–	129
Derecognition/Write-off	(55)	(31)	(86)	–	(172)
At 31 December 2020	5,241	33	183	67	5,524
Accumulated depreciation					
At 1 January 2019	–	–	–	–	–
Depreciation	1,719	18	73	7	1,817
At 31 December 2019	1,719	18	73	7	1,817
At 1 January 2020	1,719	18	73	7	1,817
Depreciation	1,472	17	83	13	1,585
Derecognition/Write-off	(55)	(20)	(68)	–	(143)
At 31 December 2020	3,136	15	88	20	3,259
Carrying amounts					
At 1 January 2019	3,124	64	79	–	3,267
At 31 December 2019	3,521	46	123	60	3,750
At 31 December 2020	2,105	18	95	47	2,265

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

5. Leases (cont'd)

Lease liabilities

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non-current	3,699	3,901	950	2,234
Current	3,798	3,612	1,365	1,511
	7,497	7,513	2,315	3,745

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				
31 December 2020				
Lease liabilities				
Singapore Dollar	3.95	2021-2026	2,395	2,314
Australian Dollar	4.88	2021-2023	4,240	4,026
Hong Kong Dollar	2.29 – 3.95	2021-2022	332	324
Malaysia Ringgit	5.95	2021-2023	224	215
Korean Won	4.00	2021-2022	642	618
			7,833	7,497
31 December 2019				
Lease liabilities				
Singapore Dollar	3.95	2020-2026	3,931	3,745
Australian Dollar	4.88	2020-2023	2,737	2,606
Hong Kong Dollar	2.29 – 3.95	2020-2021	251	246
Malaysia Ringgit	5.95	2020-2022	432	410
Korean Won	4.00	2020-2023	525	506
			7,876	7,513
Company				
31 December 2020				
Lease liabilities				
Singapore Dollar	3.95	2021-2026	2,395	2,315
31 December 2019				
Lease liabilities				
Singapore Dollar	3.95	2020-2026	3,931	3,745

5. Leases (cont'd)

Amounts recognised in profit or loss

	Group	
	2020	2019
	$'000	$'000
Income from sub-leasing right-of-use assets presented in 'other income'	9	2
Interest expense on lease liabilities	333	263
Expenses relating to short-term leases	1,103	1,428
Expenses relating to leases of low-value assets	12	19

Amounts recognised in statement of cash flows

	Group	
	2020	2019
	$'000	$'000
Total cash outflow for leases	4,675	4,584

Extension options

Some buildings leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group estimated that the potential future lease payments, should it exercise these options, would result in an increase in lease liability of $3.2 million (2019: $1.4 million).

6. Subsidiaries

	Company	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost	2,571	2,571
Quasi-equity loans to subsidiaries	24,861	24,151
Investment in subsidiaries	27,432	26,722
Less: Impairment loss	(2,723)	(2,176)
	24,709	24,546

It was agreed between the management of the parties involved that the quasi-equity loans to subsidiaries would be repaid only at the discretion of the respective subsidiaries. The Company has classified these loans as investment in subsidiaries as these loans are in substance the Company's investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6. Subsidiaries (cont'd)

Impairment assessments

In 2019 and 2020, management assessed the recoverable amount of certain subsidiaries that had indicators of impairment. Management estimated the recoverable amount of these investment based on the fair value less cost of disposal for these investments, which were based on the estimated fair value of the net assets, which comprise predominantly inventories, financial assets and liabilities.

Based on management's assessment, additional impairment loss of $547,000 (2019: $195,000) was recognised in profit or loss during the year.

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 2020 %	Ownership interest 2019 %
(1) Filsound Enterprise Pte Ltd	Importing and exporting of automotive spare parts	Singapore	100	100
(3) Naga Jaya Automotive Sdn. Bhd. and its subsidiaries	Importing and distribution of automotive spare parts	Malaysia	100	100
(1) Everts Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
(1) Tokyo Motor Pte. Ltd.	Trading in automotive spare parts	Singapore	90	90
(3) Top Able Marketing Sdn. Bhd.	Trading in automotive spare parts	Malaysia	100	100
(3) MSJ United Sdn. Bhd.	Trading in automotive spare parts	Malaysia	80	80
(4) Sejong Parts Plus Limited Liability Company	Importing and distribution automotive spare parts	South Korea	100	100
(1) Joining Enterprise Pte. Ltd. and its subsidiary	Trading in automotive spare parts	Singapore	100	100
(3) Multiple Parts Supply Sdn. Bhd.	Trading in automotive spare parts	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6. Subsidiaries (cont'd)

Impairment assessments (cont'd)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
(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.

(3) Audited by Grant Thornton Malaysia.

(4) Audited by Grant Thornton LLC.

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

A subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

7. Associate

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Unquoted equity investment	185	133	162	162

Name of associate	Principal activities	Country of incorporation	Effective equity interest held	
			2020	2019
			%	%
Lintrex (Australia) Pty Ltd ("Lintrex")	Trading in automotive spare parts	Australia	25	25

The following table summarises, in aggregate, the carrying amount and share of profit/(loss) and other comprehensive income of the associate that is accounted for using the equity method:

	2020	2019
	$'000	$'000
Group's interest in net assets of investee at beginning of the year	133	198
Group's share of:		
- Profit/(Loss) for the year	50	(64)
- Other comprehensive income	2	(1)
- Total comprehensive income	52	(65)
Carrying amount of interest in investee at end of the year	185	133

8. Other investment

	Group and Company	
	2020	2019
	$'000	$'000
Equity investment – at FVOCI	815	815

The investment is not listed in any stock exchange and there were no recent observable arm's length transactions in the shares. The fair value of unquoted equity investment is measured based on the fair value of the investee's assets and liabilities plus an adjustment for non-controlling interest. The measurement of fair value is disclosed in Note 25.

8. Other investment (cont'd)

Equity investment designated as at FVOCI

The Group designated the investment shown below as equity investment at FVOCI because it represents investment that the Group intends to hold for long-term strategic purposes.

	Fair value at 31 December		Dividend income recognised during	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment in Gold Choice Food Industries Sdn Bhd	815	815	–	–

No strategic investment was disposed off during 2020, and there was no transfer of any cumulative gain or loss within equity relating to this investment.

Credit and market risks, and fair value measurement

Information about the Group's and the Company's exposures to credit and market risks, and fair value measurement, is included in Note 25.

9. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Group				
Plant and equipment	–	–	(24)	(29)
Provisions	1,328	1,102	–	–
Employee benefits	177	99	–	–
Tax loss carry-forward	20	143	–	–
Deferred tax assets/(liabilities)	1,525	1,344	(24)	(29)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

9. Deferred tax assets and liabilities (cont'd)

Movements in temporary differences during the year

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

	As at 1 January 2019 $'000	Recognised in profit or loss (Note 21) $'000	Exchange differences $'000	As at 31 December 2019 $'000
Group				
Plant and equipment	(33)	4	–	(29)
Provisions	1,064	59	(21)	1,102
Employee benefits	–	100	(1)	99
Tax losses carry-forward	32	112	(1)	143
	1,063	275	(23)	1,315

	As at 1 January 2020 $'000	Recognised in profit or loss (Note 21) $'000	Exchange differences $'000	As at 31 December 2020 $'000
Group				
Plant and equipment	(29)	5	–	(24)
Provisions	1,102	139	87	1,328
Employee benefits	99	70	8	177
Tax losses carry-forward	143	(124)	1	20
	1,315	90	96	1,501

Unrecognised deferred tax assets

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

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Tax losses	16,317	14,091	15,126	13,337

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 Company and respective subsidiaries can utilise the benefits there from.

10. Loan receivables

	Group and Company	
	2020	2019
	$'000	$'000
Loan receivables	1,100	1,100
Impairment losses	(1,100)	(1,100)
	–	–

Loan receivables comprise:

(a) a loan of $91,000 (2019: $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 (2019: $1,009,000) to Tye Soon (Xiamen) Co. Ltd. to provide working capital for its operations.

(c) in 2003, the Group and Company has determined the loan receivables to be non-recoverable and recognised a full loss allowance on this balance.

11. Inventories

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Finished goods	89,480	94,812	30,932	31,601
Goods-in-transit	10,830	8,628	2,524	1,673
	100,310	103,440	33,456	33,274

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

The Group's cost of inventories recognised as expense and included in cost of purchases and changes in inventories of finished goods amounted to $155,779,000 (2019: $178,817,000).

The Group's write-down of inventories to net realisable value included in other operating expenses amounted to $963,000 (2019: $636,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12. Trade and other receivables

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables	25,970	29,177	8,826	11,315
Trade amounts due from subsidiaries	–	–	8,876	12,399
Non-trade amounts due from subsidiaries	–	–	21,166	26,871
Less: Impairment losses	–	–	(1,678)	(1,445)
	–	–	19,488	25,426
Deposits	1,275	1,667	189	189
Other receivables and advances	573	753	141	123
Rebates and discounts receivable from suppliers	371	862	194	431
	28,189	32,459	37,714	49,883
Prepayments	336	521	78	125
	28,525	32,980	37,792	50,008

Non-trade amounts due from subsidiaries are unsecured, interest free, and are repayable on demand.

Credit and market risks, and impairment losses

The Group's and the Company's exposure to credit risk and currency risk related to trade and other receivables are disclosed in Note 25.

13. Share capital

	Number of shares	
	2020 ('000)	2019 ('000)
Company		
As at 1 January and 31 December	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.

13. 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 reserves.

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.

14. Reserves

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Other capital reserves	3,501	3,501	–	–
Fair value reserve	(105)	(105)	(105)	(105)
Translation reserve	(6,014)	(7,323)	694	672
Retained earnings	19,035	17,967	1,321	3,068
	16,417	14,040	1,910	3,635

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 equity instrument designated at FVOCI until the assets are derecognised or reclassified.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15. Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non-current liabilities				
Term loans	4,371	–	4,371	–
Current liabilities				
Term loans	503	–	503	–
Unsecured bank loans	18,110	34,082	13,550	30,677
Bills payable and trust receipts	42,837	43,685	35,320	34,027
	61,450	77,767	49,373	64,704
	65,821	77,767	53,744	64,704

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				
31 December 2020				
Term loans				
Singapore Dollar	2.00 – 2.50	2021 – 2025	4,874	4,874
Unsecured bank loans				
Singapore Dollar	2.21 – 3.29	2021	8,000	8,000
Australian Dollar	1.89	2021	4,866	4,866
Hong Kong Dollar	2.16	2021	684	684
Malaysia Ringgit	4.05 – 4.13	2021	1,510	1,510
Korean Won	3.16	2021	3,050	3,050
			18,110	18,110

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15. Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
31 December 2020				
Bills payable and trust receipts				
Singapore Dollar	1.30 – 2.55	2021	28,609	28,609
United States Dollar	1.58 – 2.30	2021	4,120	4,120
Japanese Yen	1.15 – 2.00	2021	1,939	1,939
Australian Dollar	2.07 – 2.34	2021	6,645	6,645
Hong Kong Dollar	2.35 – 2.64	2021	117	117
Malaysia Ringgit	4.06 – 4.29	2021	755	755
Euro	1.70	2021	652	652
			42,837	42,837
			66,107	65,821
31 December 2019				
Unsecured bank loans				
Singapore Dollar	3.27 – 4.20	2020	20,500	20,500
Australian Dollar	2.98 – 2.99	2020	6,890	6,890
Hong Kong Dollar	4.23 – 5.96	2020	3,287	3,287
Malaysia Ringgit	5.42	2020	2,239	2,239
Korean Won	4.05	2020	1,166	1,166
			34,082	34,082
Bills payable and trust receipts				
Singapore Dollar	2.98 – 4.54	2020	29,668	29,668
United States Dollar	3.35 – 4.54	2020	2,465	2,465
Japanese Yen	1.15 – 3.00	2020	1,894	1,894
Australian Dollar	3.02 – 3.22	2020	6,367	6,367
Malaysia Ringgit	5.43 – 5.50	2020	3,291	3,291
			43,685	43,685
			77,767	77,767

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15. Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Company				
31 December 2020				
Term loans				
Singapore Dollar	2.00 – 2.50	2021 – 2025	4,874	4,874
Unsecured bank loans				
Singapore Dollar	2.21 – 3.29	2021	8,000	8,000
Australian Dollar	1.89	2021	4,866	4,866
Hong Kong Dollar	2.16	2021	684	684
			13,550	13,550
Bills payable and trust receipts				
Singapore Dollar	1.30 – 2.55	2021	28,609	28,609
United States Dollar	1.58 – 2.30	2021	4,120	4,120
Japanese Yen	1.15 – 2.00	2021	1,939	1,939
Euro	1.70	2021	652	652
			35,320	35,320
			54,030	53,744
31 December 2019				
Unsecured bank loans				
Singapore Dollar	3.27 – 4.20	2020	20,500	20,500
Australian Dollar	2.98 – 2.99	2020	6,890	6,890
Hong Kong Dollar	4.23 – 5.96	2020	3,287	3,287
			30,677	30,677
Bills payable and trust receipts				
Singapore Dollar	2.98 – 4.54	2020	29,668	29,668
United States Dollar	3.35 – 4.54	2020	2,465	2,465
Japanese Yen	1.15 – 3.00	2020	1,894	1,894
			34,027	34,027
			64,704	64,704

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15. 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 $25,590,000 (2019: $24,606,000) for its wholly-owned subsidiaries which expire in June 2021 (2019: June 2020). The Company does not consider it probable that a claim will be made against the amounts under guarantee.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				
	Lease liabilities $'000	Unsecured bank loans $'000	Term loans $'000	Interest payable $'000	Total $'000
Balance at 1 January 2019	7,597	35,767	–	498	43,862
Changes from financing cash flows					
Payment of lease liabilities	(4,321)	–	–	–	(4,321)
Repayment of borrowings	–	(15,032)	–	–	(15,032)
Proceeds from borrowings	–	13,521	–	–	13,521
Interest paid for lease liabilities and unsecured bank loans	(263)	–	–	(1,443)	(1,706)
Total changes from financing cash flows	(4,584)	(1,511)	–	(1,443)	(7,538)
The effect of changes in foreign exchange rates	(17)	(174)	–	3	(188)
Other changes					
Interest paid for bills payable and trust receipts	–	–	–	(1,591)	(1,591)
New leases	4,254	–	–	–	4,254
Interest expenses	263	–	–	2,938	3,201
Total other changes	4,517	–	–	1,347	5,864
Balance at 31 December 2019	7,513	34,082	–	405	42,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15. Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities				
	Lease liabilities $'000	Unsecured bank loans $'000	Term loans $'000	Interest payable $'000	Total $'000
Balance at 1 January 2020	7,513	34,082	–	405	42,000
Changes from financing cash flows					
Payment of lease liabilities	(4,342)	–	–	–	(4,342)
Repayment of borrowings	–	(34,587)	(126)	–	(34,713)
Proceeds from borrowings	–	18,080	5,000	–	23,080
Interest paid for lease liabilities and unsecured bank loans	(333)	–	–	(1,228)	(1,561)
Total changes from financing cash flows	(4,675)	(16,507)	4,874	(1,228)	(17,536)
The effect of changes in foreign exchange rates	279	535	–	(37)	777
Other changes					
Interest paid for bills payable and trust receipts	–	–	–	(1,040)	(1,040)
New leases	4,219	–	–	–	4,219
Interest expenses	333	–	–	2,095	2,428
Derecognition of lease liability	(172)	–	–	–	(172)
Total other changes	4,380	–	–	1,055	5,435
Balance at 31 December 2020	7,497	18,110	4,874	195	30,676

16. Employee benefits

	Group	
	2020 $'000	2019 $'000
Liability for defined benefit obligations	795	551
Liability for long-service leave	218	225
	1,013	776

16. Employee benefits (cont'd)

Liability for defined benefit obligations

The Group contributes to a post-employment defined benefit plan due to statutory requirements in South Korea. The contributions required are determined by an independent qualified actuary using the projected unit credit method. Employees of the subsidiary with at least one year or more service are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. The defined benefit plan is fully funded by the Group's subsidiary. Employees are not required to contribute to the plan.

The defined benefit plan is administered by a pension fund that is legally separate from the Group. The pension fund is required by law to act in the best interests of the plan participants.

This defined benefit plan exposes the Group to actuarial risks, such as discount rate, salary increase rate and mortality rate.

Movement in net defined benefit liabilitiy/(asset)

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/(asset) and its components.

Group	Defined benefit obligation $'000	Fair value of plan asset $'000	Net defined benefit liability (asset) $'000
Balance as at 1 January 2019	873	(321)	552
Included in profit or loss			
Current service cost	229	–	229
Interest cost/(income)	22	(14)	8
	251	(14)	237
Included in other comprehensive income			
Remeasurement loss/(gain):			
- Actuarial loss/(gain) arising from:			
- demographic assumptions	*	*	*
- financial assumptions	(12)	–	(12)
- experience adjustment	226	–	226
- Return on plan assets excluding interest income	–	10	10
Effect of movements in exchange rates	(59)	17	(42)
	155	27	182
Other			
Contributions paid by the employer	–	(234)	(234)
Benefits paid	(226)	40	(186)
	(226)	(194)	(420)
Balance as at 31 December 2019	1,053	(502)	551

* Amount less than $1,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16. Employee benefits (cont'd)

Movement in net defined benefit liabilitiy/(asset) (cont'd)

Group	Defined benefit obligation $'000	Fair value of plan asset $'000	Net defined benefit liability (asset) $'000
Balance as at 1 January 2020	1,053	(502)	551
Included in profit or loss			
Current service cost	255	–	255
Interest cost/(income)	30	(17)	13
	285	(17)	268
Included in other comprehensive income			
Remeasurement loss/(gain):			
- Actuarial loss/(gain) arising from:			
- demographic assumptions	–	–	–
- financial assumptions	(10)	–	(10)
- experience adjustment	155	–	155
- Return on plan assets excluding interest income	–	11	11
Effect of movements in exchange rates	53	(19)	34
	198	(8)	190
Other			
Contributions paid by the employer	–	(42)	(42)
Benefits paid	(327)	155	(172)
	(327)	113	(214)
Balance as at 31 December 2020	1,209	(414)	795

Plan asset

Plan asset comprises:

	Group 2020 $'000	Group 2019 $'000
Fixed deposits placed with a financial institution	414	502

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16. Employee benefits (cont'd)

Principal actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted-averages) were:

	Group	
	2020	2019
	%	%
Discount rate	3.06	2.97
Salary increment rate	3.00	3.00
Mortality rate		
- Males	0.004 – 0.099	0.007 - 0.114
- Females	0.002 – 0.034	0.002 - 0.044

Assumptions regarding mortality rates are based on published statistics by the Korea Insurance Development Institute.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation			
	2020		2019	
	1 % increase	1 % decrease	1 % increase	1 % decrease
	$'000	$'000	$'000	$'000
Group				
Discount rate	(114)	138	(100)	121
Salary increment rate	136	(116)	120	(101)
Mortality rate	*	*	*	*

* Amount less than $1,000.

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

17. Trade and other payables

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade payables		23,711	19,852	11,234	7,757
Trade amount due to subsidiary		–	–	144	–
Accrued expenses		5,146	4,303	1,355	1,234
Other payables		327	727	196	108
Interest payable		195	405	163	362
Provision for site restoration	(a)	157	149	31	31
Non-trade amount due to a director	(b)	75	76	–	–
		29,611	25,512	13,123	9,492

(a) A provision is recognised for the costs to be incurred for the restoration of the leased buildings to the condition required by the terms and conditions of the lease.

(b) Non-trade amount due to a director is unsecured, interest free and is repayable on demand.

Market and liquidity risks

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 25.

18. Revenue

	Group 2020 $'000	Group 2019 $'000
Sales of goods	198,236	222,048

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods or services	Import and export, and distribution of automotive parts.
When revenue is recognised	Revenue is recognised when goods are delivered to the customers and all criteria for acceptance, including control of the goods, have been accepted by the customers.
Significant payment terms	For cash sales, payment is collected when goods are delivered to the customers. For credit sales, the payment terms range from 3 days to 120 days from invoice date.
Variable consideration	There is no right to return the goods. There are no variable considerations such as volume discounts and sales rebates provided to customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

18. Revenue (cont'd)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical (see Note 26).

	2020 $'000	2019 $'000
Primary geographical markets		
Singapore	18,980	24,708
Malaysia	43,426	53,047
Australia	42,010	40,210
Thailand	13,400	15,932
South Korea	42,779	38,586
Others	37,641	49,565
	198,236	222,048

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables	12	25,970	29,177	17,702	23,714
Contract liabilities		(1,373)	(1,037)	(1,373)	(1,022)

The contract liabilities primarily relate to advance consideration received from customers for sale of goods.

Significant changes in the contract liabilities balances during the year is as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue recognised that was included in the contract liability balances at the beginning of the year	331	118	316	104
Increases due to cash received, excluding amounts recognised as revenue during the year	(667)	(82)	(667)	(67)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19. Other operating expenses

	Note	Group 2020 $'000	Group 2019 $'000
Foreign exchange loss (net)		328	231
Leases expense	5	1,115	1,447
Sales commissions expenses		1,829	1,920
Transportation expenses		2,628	3,157
Utilities expenses		1,664	1,816
Write-down of inventories	11	963	636
Other expenses		3,325	3,472
		11,852	12,679

20 Finance costs

	Group 2020 $'000	Group 2019 $'000
Financial liabilities measured at amortised cost – interest expense:		
- term loans	26	–
- bank loans	1,281	1,515
- bills payable and trust receipts	788	1,423
- lease liabilities	333	263
	2,428	3,201

21. Tax expense

	Group 2020 $'000	Group 2019 $'000
Current tax		
Current year	1,036	561
Changes in estimates related to prior years	64	(63)
Withholding tax	50	61
	1,150	559
Deferred tax		
Origination and reversal of temporary differences	(46)	(91)
Changes in estimates related to prior years	(44)	(184)
	(90)	(275)
Tax expense	1,060	284

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21. Tax expense (cont'd)

	Group 2020 $'000	Group 2019 $'000
Reconciliation of effective tax rate		
Profit before tax	2,336	563
Tax using the Singapore tax rate of 17% (2019: 17%)	397	96
Effect of tax rates in foreign jurisdictions	348	59
Withholding tax	50	61
Effect of result of associate presented net of tax	8	10
Non-deductible expenses	145	79
Tax exempt income	(276)	(157)
Changes in estimates related to prior years	20	(247)
Current year losses for which no deferred tax asset was recognised	368	383
	1,060	284

22. Profit for the year

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

	Note	Group 2020 $'000	Group 2019 $'000
Audit fees paid/payable to:			
- auditors of the Company		167	163
- other auditors		186	166
Non-audit fees paid/payable to:			
- other auditors		68	59
Impairment losses/(Reversal of impairment losses) on trade receivables	25	1	(80)
Directors' fees		499	384
Government grants		(976)	(9)
Depreciation of plant and equipment	4	377	444
Depreciation of right-of-use assets	5	4,500	4,485
(Gain)/Loss on disposal of plant and equipment		(4)	1
Interest income		(16)	(29)
Rental income		(9)	(2)
Included in staff costs:			
- contributions to defined contribution plans		1,761	1,789
- expenses related to defined benefits plan	16	268	237

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

23. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2020 was based on the profit attributable to ordinary shareholders of $1,224,000 (2019: $226,000), and a weighted average number of ordinary shares outstanding of 87,265,029 (2019: 87,265,029), calculated as follows:

Profit/(Loss) attributable to ordinary shareholders

	2020 $'000	2019 $'000
Profit attributable to ordinary shareholders	1,224	226

Weighted-average number of ordinary shares

	2020 Number of shares ('000)	2019 Number of shares ('000)
Weighted-average number of ordinary shares at 1 January and 31 December	87,265	87,265

The basic and diluted profit per share are the same for 2020 and 2019 as there were no dilutive instruments in issue as at 31 December 2020 and 31 December 2019.

24. 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, directly or indirectly, including any director (whether executive or otherwise) 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	
	2020 $'000	2019 $'000
Directors' fees	499	384
Short-term employee benefits	1,181	1,377
Post-employment benefits	59	56
	1,739	1,817

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

24. Related parties (cont'd)

Other related party transactions

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

	Group	
	2020	**2019**
	$'000	**$'000**
Associate		
- Sales	25	29
- Purchase	–	1

25. 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 2020

25. 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 do not require any collateral in respect of their financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2020 $'000	2019 $'000
Net impairment losses/(reversal of impairment losses) on trade receivables	1	(80)

Trade 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. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of between one to four months for individual and corporate customers respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, trade history with the Group, aging profile and existence of previous financial difficulties.

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 distribution of wide spectrum of automotive parts and sell in a variety of territories.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk

A summary of the Group's and the Company's exposures to credit risk for third party trade receivables were as follows:

	2020		2019	
	Not credit-impaired $'000	Credit-impaired $'000	Not credit-impaired $'000	Credit-impaired $'000
Group				
Current (not past due)	19,974	–	21,497	–
Past due 1 – 30 days	4,664	–	4,045	–
Past due 31 – 120 days	1,149	–	3,285	–
Past due more than 120 days	221	5,828	402	5,868
Total gross carrying amount	26,008	5,828	29,229	5,868
Loss allowance	(38)	(5,828)	(52)	(5,868)
	25,970	–	29,177	–
Company				
Current (not past due)	5,724	–	7,065	–
Past due 1 – 30 days	2,379	–	1,631	–
Past due 31 – 120 days	724	–	2,523	–
Past due more than 120 days	–	5,145	113	5,190
Total gross carrying amount	8,827	5,145	11,332	5,190
Loss allowance	(1)	(5,145)	(17)	(5,190)
	8,826	–	11,315	–

Expected credit loss assessment for third party trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment for third party trade receivables (cont'd)

The following tables provide information about the exposure to credit risk and ECLs for third party trade receivables.

	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group				
31 December 2020				
Current (not past due)	0.00	19,974	–	No
Past due 1 – 30 days	0.02	4,664	(1)	No
Past due 31 – 120 days	0.86	1,158	(10)	No
Past due more than 120 days	96.94	6,040	(5,855)	Yes
		31,836	(5,866)	
31 December 2019				
Current (not past due)	0.00	21,497	–	No
Past due 1 – 30 days	0.02	4,045	(1)	No
Past due 31 – 120 days	0.12	3,285	(4)	No
Past due more than 120 days	94.34	6,270	(5,915)	Yes
		35,097	(5,920)	
Company				
31 December 2020				
Current (not past due)	0.00	5,724	–	No
Past due 1 – 30 days	0.00	2,379	–	No
Past due 31 – 120 days	0.14	724	(1)	No
Past due more than 120 days	100.00	5,145	(5,145)	Yes
		13,972	(5,146)	
31 December 2019				
Current (not past due)	0.00	7,065	–	No
Past due 1 – 30 days	0.00	1,631	–	No
Past due 31 – 120 days	0.08	2,523	(2)	No
Past due more than 120 days	98.15	5,303	(5,205)	Yes
		16,522	(5,207)	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Credit risk (cont'd)

Movements in allowance for impairment in respect of third party trade receivables

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at 1 January	5,920	6,038	5,207	5,334
Impairment loss recognised	18	90	5	–
Reversal of impairment loss	(17)	(170)	(16)	(105)
Amount written off	(20)	(26)	(10)	–
Effect of movements in exchange rates	(35)	(12)	(40)	(22)
Balance at 31 December	5,866	5,920	5,146	5,207

Trade amounts due from subsidiaries

There is no allowance for doubtful debts arising from these outstanding balances. The Company uses an allowance matrix to measure the ECLs for trade amounts due from subsidiaries. The loss rates applied to the allowance matrix are calculated based on historical credit loss experience in the past 5 years. The Company assessed that the past credit loss experience reflects the credit risk exposure of the Group. No forward-looking factor was applied in the current year because there was no clear correlation between the Group's credit risk with market metrics.

Non-trade amounts due from subsidiaries

The Company held non-trade amounts due from its subsidiaries which were extended to subsidiaries to meet their funding requirements. The loss allowance was measured at an amount equal to 12-month ECLs unless the credit risk has increased significantly and for such receivables, the loss allowance was measured at an amount equal to lifetime expected credit losses. The Company assessed specifically the probability of recovery to these balances and recognised the difference as impairment loss.

The movement in the allowance for impairment losses in respect of non-trade amounts due from subsidiaries during the year were as follows:

	Lifetime ECL – not credit-impaired	
	2020	2019
	$'000	$'000
Company		
Balance at 1 January	1,445	1,020
Impairment loss recognised	233	425
Balance at 31 December	1,678	1,445

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Credit risk (cont'd)

Deposits and other receivables

Impairment on these balances have been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As at 31 December 2020 and 31 December 2019, the Company has issued guarantees to certain banks in respect of credit facilities granted to subsidiaries (see Note 15). These guarantees are subject to impairment assessment under SFRS(I) 9. The Company has assessed that the subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses from these guarantees. The Company's assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and available press information).

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $21,130,000 and $10,997,000 respectively at 31 December 2020 (2019: $17,545,000 and $7,686,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa1 to Baa1 based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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 2020

25. Financial risk management (cont'd)

Liquidity risk (cont'd)

Risk management policy (cont'd)

In addition, the Group maintains the following lines of credit:

- $0.8 million overdraft facility that is unsecured.
- $29.7 million uncommitted facilities that is unsecured and can be drawn down to meet short-term financing needs.

Exposure to liquidity risk

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

			Cash flows				
	Note	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 - 12 months $'000	1 - 2 years $'000	2 - 5 years $'000
Group							
2020							
Non-derivative financial liabilities							
Term loans	15	4,874	(5,160)	(242)	(362)	(1,207)	(3,349)
Unsecured bank loans	15	18,110	(18,143)	(18,143)	–	–	–
Bills payable and trust receipts	15	42,837	(43,003)	(43,003)	–	–	–
Lease liabilities	5	7,497	(7,833)	(2,225)	(1,777)	(3,352)	(479)
Trade and other payables	17	29,611	(29,611)	(29,611)	–	–	–
		102,929	(103,750)	(93,224)	(2,139)	(4,559)	(3,828)
2019							
Non-derivative financial liabilities							
Unsecured bank loans	15	34,082	(34,211)	(34,211)	–	–	–
Bills payable and trust receipts	15	43,685	(44,042)	(44,042)	–	–	–
Lease liabilities	5	7,513	(7,876)	(2,125)	(1,722)	(2,644)	(1,385)
Trade and other payables	17	25,512	(25,512)	(25,512)	–	–	–
		110,792	(111,641)	(105,890)	(1,722)	(2,644)	(1,385)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to 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	2 - 5 years $'000
Company							
2020							
Non-derivative financial liabilities							
Term loans	15	4,874	(5,160)	(242)	(362)	(1,207)	(3,349)
Unsecured bank loans	15	13,550	(13,578)	(13,578)	–	–	–
Bills payable and trust receipts	15	35,320	(35,454)	(35,454)	–	–	–
Lease liabilities	5	2,315	(2,395)	(802)	(624)	(881)	(88)
Trade and other payables	17	13,123	(13,123)	(13,123)	–	–	–
Recognised financial liabilities		69,182	(69,710)	(63,199)	(986)	(2,088)	(3,437)
Intragroup financial guarantees (unrecognised)	15	–	(25,590)	(25,590)	–	–	–
		69,182	(95,300)	(88,789)	(986)	(2,088)	(3,437)
2019							
Non-derivative financial liabilities							
Unsecured bank loans	15	30,677	(30,797)	(30,797)	–	–	–
Bills payable and trust receipts	15	34,027	(34,269)	(34,269)	–	–	–
Lease liabilities	5	3,745	(3,931)	(828)	(792)	(1,387)	(924)
Trade and other payables	17	9,492	(9,492)	(9,492)	–	–	–
Recognised financial liabilities		77,941	(78,489)	(75,386)	(792)	(1,387)	(924)
Intragroup financial guarantees (unrecognised)	15	–	(24,606)	(24,606)	–	–	–
		77,941	(103,095)	(99,992)	(792)	(1,387)	(924)

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Currency risk (cont'd)

Exposure to currency risk

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

	Singapore Dollar $'000	Euro $'000	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Australian Dollar $'000	Malaysia Ringgit $'000	Thai Baht $'000	Korean Won $'000
Group									
2020									
Trade and other receivables	–	587	822	–	2,510	–	–	–	–
Amounts due from subsidiaries *	–	1,054	1,259	4,084	–	5,263	11,187	1,134	3,210
Cash in hand and at bank	–	583	686	–	702	8	8	–	–
Equity investment at FVOCI	–	–	–	–	–	–	815	–	–
Unsecured bank loans	–	–	–	(684)	–	(4,866)	–	–	–
Bills payable and trust receipts	–	(771)	(4,120)	–	(1,939)	–	–	–	–
Trade and other payables	(16)	(5,987)	(2,018)	–	(3,097)	(5)	–	–	–
	(16)	(4,534)	(3,371)	3,400	(1,824)	400	12,010	1,134	3,210
2019									
Trade and other receivables	–	342	2,061	–	4,220	–	–	–	–
Amounts due from subsidiaries *	–	–	1,152	4,718	–	7,011	11,988	1,179	7,250
Cash in hand and at bank	–	486	427	–	667	13	12	1	–
Equity investment at FVOCI	–	–	–	–	–	–	815	–	–
Unsecured bank loans	–	–	–	(3,287)	–	(6,890)	–	–	–
Bills payable and trust receipts	–	–	(2,465)	–	(1,894)	–	–	–	–
Trade and other payables	(24)	(2,021)	(1,576)	–	(3,159)	(26)	–	–	–
	(24)	(1,193)	(401)	1,431	(166)	108	12,815	1,180	7,250

* Excluding amounts owing by subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future.

25. Financial risk management (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	Euro $'000	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Australian Dollar $'000	Malaysia Ringgit $'000	Thai Baht $'000	Korean Won $'000
Company								
2020								
Trade and other receivables	587	822	–	2,510	–	–	–	–
Amounts due from subsidiaries	1,054	1,259	4,084	–	5,263	11,187	1,134	3,210
Cash in hand and at bank	583	686	–	702	8	8	–	–
Equity investment at FVOCI	–	–	–	–	–	815	–	–
Unsecured bank loans	–	–	(684)	–	(4,866)	–	–	–
Bills payable and trust receipts	(652)	(4,120)	–	(1,939)	–	–	–	–
Trade and other payables	(4,515)	(1,865)	–	(3,097)	–	–	–	–
	(2,943)	(3,218)	3,400	(1,824)	405	12,010	1,134	3,210
2019								
Trade and other receivables	255	2,061	–	4,220	–	–	–	–
Amounts due from subsidiaries	–	1,152	4,718	–	7,011	11,988	1,179	7,250
Cash in hand and at bank	486	427	–	667	13	12	1	–
Equity investment at FVOCI	–	–	–	–	–	815	–	–
Unsecured bank loans	–	–	(3,287)	–	(6,890)	–	–	–
Bills payable and trust receipts	–	(2,465)	–	(1,894)	–	–	–	–
Trade and other payables	(2,021)	(1,479)	–	(3,159)	–	–	–	–
	(1,280)	(304)	1,431	(166)	134	12,815	1,180	7,250

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (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 year. 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
2020					
Singapore Dollar	10%	2	–	–	–
Euro	10%	453	–	294	–
United States Dollar	10%	337	–	322	–
Hong Kong Dollar	10%	(340)	–	(340)	–
Japanese Yen	10%	182	–	182	–
Australian Dollar	10%	(40)	–	(40)	–
Malaysia Ringgit	10%	(1,120)	(81)	(1,120)	(81)
Thai Baht	10%	(113)	–	(113)	–
Korean Won	10%	(321)	–	(321)	–
2019					
Singapore Dollar	10%	2	–	–	–
Euro	10%	119	–	128	–
United States Dollar	10%	40	–	30	–
Hong Kong Dollar	10%	(143)	–	(143)	–
Japanese Yen	10%	17	–	17	–
Australian Dollar	10%	(11)	–	(13)	–
Malaysia Ringgit	10%	(1,201)	(81)	(1,201)	(81)
Thai Baht	10%	(118)	–	(118)	–
Korean Won	10%	(725)	–	(725)	–

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 2020

25. Financial risk management (cont'd)

Interest rate risk

The Group's and the Company's exposure to changes in interest rates relates primarily to lease liabilities and loans and borrowings.

Profile

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

	Group		Company	
	Carrying amount		Carrying amount	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Lease liabilities	7,497	7,513	2,315	3,745
Loans and borrowings	65,821	77,767	53,744	64,704
	73,318	85,280	56,059	68,449

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.

25. 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			
Group	**Note**	**Amortised cost $'000**	**Equity investment at FVOCI $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2020									
Financial assets not measured at fair value									
Trade and other receivables #	12	28,189	–	–	28,189				
Cash and cash equivalents		21,130	–	–	21,130				
		49,319	–	–	49,319				
Financial asset measured at fair value									
Equity investment – at FVOCI	8	–	815	–	815	–	–	815	815
Financial liabilities not measured at fair value									
Term loans	15	–	–	4,874	4,874				
Unsecured bank loans	15	–	–	18,110	18,110				
Bills payable and trust receipts	15	–	–	42,837	42,837				
Trade and other payables *	17	–	–	29,454	29,454				
		–	–	95,275	95,275				

Excludes prepayments.

* Excludes provision for site restoration.

25. Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

Group	Note	Carrying amount				Fair value			
		Amortised cost $'000	Equity investment at FVOCI $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019									
Financial assets not measured at fair value									
Trade and other receivables [#]	12	32,459	–	–	32,459				
Cash and cash equivalents		17,545	–	–	17,545				
		50,004	–	–	50,004				
Financial asset measured at fair value									
Equity investment – at FVOCI	8	–	815	–	815	–	–	815	815
Financial liabilities not measured at fair value									
Unsecured bank loans	15	–	–	34,082	34,082				
Bills payable and trust receipts	15	–	–	43,685	43,685				
Trade and other payables *	17	–	–	25,363	25,363				
		–	–	103,130	103,130				

Excludes prepayments.

* Excludes provision for site restoration.

25. Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

Company	Note	Carrying amount: Amortised cost $'000	Carrying amount: Equity investment at FVOCI $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2020									
Financial assets not measured at fair value									
Trade and other receivables #	12	37,714	–	–	37,714				
Cash and cash equivalents		10,997	–	–	10,997				
		48,711	–	–	48,711				
Financial asset measured at fair value									
Equity investment – at FVOCI	8	–	815	–	815	–	–	815	815
Financial liabilities not measured at fair value									
Term loans	15	–	–	4,874	4,874				
Unsecured bank loans	15	–	–	13,550	13,550				
Bills payable and trust receipts	15	–	–	35,320	35,320				
Trade and other payables *	17	–	–	13,092	13,092				
		–	–	66,836	66,836				

\# Excludes prepayments.

* Excludes provision for site restoration.

25. Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

Company	Note	Carrying amount: Amortised cost $'000	Carrying amount: Equity investment at FVOCI $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2019									
Financial assets not measured at fair value									
Trade and other receivables #	12	49,883	–	–	49,883				
Cash and cash equivalents		7,686	–	–	7,686				
		57,569	–	–	57,569				
Financial asset measured at fair value									
Equity investment – at FVOCI	8	–	815	–	815	–	–	815	815
Financial liabilities not measured at fair value									
Unsecured bank loans	15	–	–	30,677	30,677				
Bills payable and trust receipts	15	–	–	34,027	34,027				
Trade and other payables *	17	–	–	9,461	9,461				
		–	–	74,165	74,165				

Excludes prepayments.

* Excludes provision for site restoration.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. 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 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investment at FVOCI	Adjusted net asset method (Note 8)	Net asset value of the investee, adjusted for discount on lack of control	The estimated fair value would increase/(decrease) if net asset value for unquoted equity security was higher/(lower).

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

There were no transfers between Level 1, Level 2 and Level 3 during 2020 and 2019.

(iii) Level 3 fair value

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25. Financial risk management (cont'd)

Measurement of fair values (cont'd)

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

Sensitivity analysis

For the fair values of equity investments – FVOCI, reasonably possible changes at the reporting date to the net asset value of the investee by 10% (2019: 10%) for the Group and Company, respectively, holding other inputs constant, would have the following effects:

	Group and Company	
	Increase by 10% $'000	Decrease by 10% $'000
2020		
Equity investment at FVOCI		
Equity	82	(82)
2019		
Equity investment at FVOCI		
Equity	82	(82)

Financial instruments not measured at fair value

Other financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

26. 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 Executive Committee ("EXCO") for the purpose of allocating resources to the segment and assessing its performance.

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

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
2020							
Total revenue from external customers	18,980	43,426	42,010	13,400	42,779	37,641	198,236
Non-current assets (i)	2,776	396	4,312	–	778	344	8,606
2019							
Total revenue from external customers	24,708	53,047	40,210	15,932	38,586	49,565	222,048
Non-current assets (i)	4,297	616	3,033	–	695	273	8,914

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

Major customer

For the years ended 31 December 2020 and 2019, there was no single customer that contributed to 10% or more of the Group's revenue.

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE REPORT

The board of directors ("Board") of Tye Soon Limited (the "Company" and together with its subsidiaries, the "Group") is committed to setting and maintaining a high standard of corporate governance to protect and enhance long-term shareholders' value.

This Report sets out the corporate governance practices adopted by the Company, with reference made to the principles and provisions of the Code of Corporate Governance 2018 ("Code").

The Company has adhered to the principles and provisions as set out in the Code and any deviations with explanations will be specified in this Report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The primary role of the Board, apart from its statutory responsibilities, include:

- providing entrepreneurial leadership;
- setting strategic aims;
- ensuring that the necessary financial and human resources are in place for the Company and its subsidiaries (collectively the "Group") to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of shareholders' interests and the Group's assets;
- reviewing Management's performance;
- setting the Group's values and standards (including ethical standards), and ensuring proper accountability within the Group;
- considering sustainability issues such as environmental and social factors as part of its strategic formulation; and
- assuming responsibility for corporate governance.

All directors are expected to exercise due diligence and independent judgement in the best interests of the Company. Every director is required to declare any conflict of interest in a transaction or proposed transaction with the Company as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each director is also required to submit details of his or her associates for the purpose of monitoring interested person transactions. No member of the Board participates in any deliberation or decision if he/she is directly or indirectly interested in respect of any matter to be resolved by the Board.

CORPORATE
GOVERNANCE REPORT

A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as a Board director. 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 and existing 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.

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") with clearly defined written terms of reference. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board.

The composition, authority, responsibilities and activities of the Board Committees set out in their respective terms of reference are provided under the various principles in this Report.

The Group has adopted internal guidelines governing matters that require Board approval that include:

- material investment and divestment proposals;
- major corporate or financial restructuring;
- key operational initiatives;
- major fund-raising exercises;
- announcement of financial statements and audited financial statements;
- recommendation of dividends; and
- authorisation of material interested person transactions.

The directors receive a timely regular supply of complete and accurate information from Management about the Group so that they are equipped to participate at Board meetings, make informed decisions and discharge their duties and responsibilities. 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.

CORPORATE GOVERNANCE REPORT

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 Management and the advice and services of the Company Secretary. The Company Secretary attends all Board meetings. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

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.

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 telephone and video conference meetings.

The number of Board and Board Committees meetings held during the financial year ended 31 December 2020 and the attendances of the directors at these meetings are set out below:

			Board Committees									
	Board		Audit		Nominating		Remuneration		Executive		Enterprise Risk Management	
Name of Directors	A	B	A	B	A	B	A	B	A	B	A	B
Ong Huat Choo	2	2	2	2*	2	2*	2	2*	10	9*	2	2
David Chong Tek Yew	2	2	2	2*	2	2*	2	2*	10	10	2	2
Ong Lay May, Apple	2	2	2	2*	2	2*	2	2*	10	9*	2	2
Ong Eng Chian, Kelvin	2	2	2	2*	2	2*	2	2*	10	10	2	2
Ong Eng Mien, Malcolm	2	2	2	2*	2	2*	2	2*	10	10*	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	2	2	2	2	2	2	2	–	–	–	–

Notes :
A - represents number of meetings held
B - represents number of attendances
* - by invitation

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As planned, the Board had made changes to the size and composition of the Board effective on 23 June 2020. Following the changes, the Board consists of two executive directors, three non-executive and non-independent directors and three independent directors. The number of independent directors represents more than one-third of the Board. The Board considers that there are sufficient independent elements that enable the Board to discharge its duties and responsibilities. The Board comprises suitably-qualified directors who provide the Company with a good balance of accounting, finance and management's expertise and experience, complemented by sound industry knowledge.

The Board has three independent members. They are Ms Tham Khuan Heng, Mr Lim Lee Meng, and Mr Chen Timothy Teck Leng @ Chen Teck Leng. The criterion for independence is based on the definition provided in the Code. The Board considers an "independent" director as one who is independent in conduct, character and judgement, and 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 judgement. 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 judgement and are free from relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement.

Notwithstanding that two out of the three independent directors have 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 judgement 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 that make up a majority of the Board do not exercise any 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/or independent directors may meet without the presence of Management or executive directors to consider matters that must be raised privately. The chairman of such meetings provides feedback to the Board as appropriate.

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.

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The NC considers and makes recommendations to the Board on the Board's diversity policy, such as the appropriate size and needs of the Board, having regard to the appropriate balance and skill mix, knowledge, experience and other aspects such as gender, age and personal qualities required for the diversity of perspectives, avoiding group think and fostering constructive debate and contributing to the overall effective performance of the Board. The Board is responsible for the implementation of the policy in an effective and practical manner. In recommending candidates to be appointed to the Board, the NC takes into account the Board's diversity policy. There are two female directors on the Board, and three directors have recent and relevant accounting or related financial management expertise or experience. The Board acknowledges that improvements to Board diversity are an ongoing process.

The Company has two independent directors whose individual tenures have exceeded nine years. The Company intends to comply with Rule 210(5)(c) prior to 1 January 2022.

Non-executive Chairman and Managing Director

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Group keeps the posts of Non-executive Chairman and Managing Director separate. Ms Tham Khuan Heng is the Non-executive and independent Chairman of the Board. Mr David Chong Tek Yew is the Managing Director. There is a clear division of responsibilities between the Non-executive Chairman and the Managing Director which ensures there is a balance of power and authority at the top tier of the Group.

The Non-executive 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, 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 Managing Director is responsible for the implementation of the Group's strategies and policies and the conduct of the Group's day-to-day business.

As no one individual has unfettered powers of decision-making, the Board is of the view that the objectives of the Code have been met.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises three directors, all of whom are independent directors. The independent directors who are members of the NC are Mr Chen Timothy Teck Leng @ Chen Teck Leng (Chairman), Mr Lim Lee Meng and Ms Tham Khuan Heng.

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. Details of the NC's responsibilities are set out in the Appendix to this Report.

CORPORATE GOVERNANCE REPORT

The NC also considers and makes recommendations to the Board concerning the appropriate size and needs of the Board, having regard to the appropriate balance and skill mix, knowledge, experience and other aspects such as gender, age and personal qualities required for the diversity of perspectives, avoiding group think and fostering constructive debate and contributing to the overall 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. As at the date of this Annual Report, all directors have complied with this requirement.

The NC 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, judgement 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 Ms Ong Lay May, Apple, Mr Kelvin Ong Eng Chian and Ms Tham Khuan Heng 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.

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The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the Code.

In the opinion of the NC and the Board, 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.

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

Name of Director	David Chong Tek Yew	Ong Eng Chian, Kelvin	Ong Lay May, Apple	Ong Eng Mien, Malcolm	Ong Huat Choo
Brief write-up on background and working experience	Please refer to Group Management Team	Please refer to Group Management Team	Ms Ong is a Non-Executive and Non-Independent Director. Prior to December 2010, she was an Executive Director of the Company.	Mr Ong has more than 25 years of sales and marketing experience in the pulp and paper industry primarily in the Asia and Pacific region. He was managing director of Bowater Asia Pte. Ltd.	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 Commerce, Chartered Accountant	Bachelor of Engineering	Bachelor of Science	Bachelor of Business Administration – Finance	–
Date of appointment/ (last re-election)	1 July 1998 (23 June 2020)	17 July 2006 (29 April 2019)	27 October 1993 (27 April 2018)	28 May 2015 (29 April 2019)	20 September 1974 (23 June 2020)
Nature of appointment	Managing Director	Deputy Managing Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director
Board committees served	Chairman of ERMC and Member of EC	Member of EC and ERMC	Member of ERMC	Member of ERMC	Member of 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	–	–	–	–	–

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Name of Director	Lim Lee Meng	Chen Timothy Teck Leng @ Chen Teck Leng	Tham Khuan Heng
Brief write-up on background and working experience	Mr Lim is currently an executive director of Lee Meng Capital Pte. Ltd. He is also a director of several public listed companies.	Mr Chen has more than thirty years of management experience in banking, insurance, investment fund and corporate advisory work. He is also a director of several public listed companies.	Ms Tham has been independent director of Tye Soon Limited since 2003. She was chief financial officer of a public listed company and a partner of an international public accounting firm.
Academic and professional qualifications	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 (29 April 2019)	8 December 2016 (23 June 2020)	17 April 2003 (27 April 2018)
Nature of appointment	Independent Director	Independent Director	Independent Director
Board committees served	Chairman of RC; Member of AC and NC	Chairman of NC; Member of AC and RC	Non-executive Chairperson of the Board, Chairperson of AC; Member of NC and RC
Present directorships in listed companies	Tye Soon Limited ARA LOGOS Logistic Trust Management Limited Willas-Array Electronics (Holdings) Limited	Tye Soon Limited Yanzijiang Shipbuilding (Holdings) Ltd. Boldtek Holdings Limited	Tye Soon Limited
Past years directorships in listed companies	ARA Asset Management (Fortune) Limited ARA Trust Management (Suntec) Limited Teckwah Industrial Corporation Limited	Tianjin Zhong Xin Pharmaceutical Group Corporation Limited Sysma Holdings Limited	–

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

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. The Board has put in place a formal annual evaluation exercise creating a platform for the Board and Board Committees members to provide feedback on the board procedures and processes. The NC had established a review process to assess the Board's performance as a whole and the contribution by each of its board committees and individual directors to the effectiveness of the Board.

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A Board Performance Evaluation Form ("Evaluation Form") has been formulated to seek views on the various aspects of the Board performance. Incorporated into the Evaluation Form, the NC considers, objectively, a set of quantitative and qualitative performance criteria that includes board size and composition, board independence, board processes, board information and accountability, conduct of directors, and 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. Where appropriate, the Board will review and make changes to the Evaluation Form to align with prevailing regulations and requirements.

Each individual director's performance is evaluated informally on a continual basis by the NC and the Chairman of the Board. Some factors taken into consideration by the NC and the Chairman of the Board include the value of the director's contribution to the development of strategy, availability at board and board committee meetings as well as informal meetings, interactive skills, degree of preparedness and industry and business knowledge each director possesses.

Each of the Directors had completed the Evaluation Form for FY2020, giving their individual assessment and evaluation of the Board's ability and Board Committees' ability to meet the relevant criteria stated in the Evaluation Form. The forms were submitted to the corporate secretary, DrewCorp Services Pte Ltd for collation. Results of the assessment together with analysis of the results as compared to that of the previous year, was submitted for consideration and review by the NC. The NC's recommendations were submitted for endorsement by the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises three independent directors, namely Mr Lim Lee Meng (Chairman), Ms Tham Khuan Heng and Mr Chen Timothy Teck Leng @ Chen Teck Leng.

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. Details of the RC's responsibilities are set out in the Appendix to this Statement.

The RC 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.

The RC has access to information regarding human resource matters within the Group and, if necessary, expert advice from outside the Group. Although no external remuneration consultant had been engaged by the Board, the RC has full authority to do so, if the need arises.

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Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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 Company's employees with that of the Shareholders.

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.

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.

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

The 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.

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Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2020 is set out below:

Remuneration bands	Salary (%)	Bonus (%)	Fee (%)	Allowances and other benefits (%)	Total (%)	Total ($)
Executive Directors						
S$250,000 to S$500,000						
David Chong Tek Yew	70	9	8	13	100	
Below S$250,000						
Ong Eng Chian, Kelvin	53	13	11	23	100	$817,332
Ong Hock Siang @ Ong Huat Seong * (stepped down on 23 June 2020)	73	–	9	18	100	
Ong Huat Yew Peter* (stepped down on 23 June 2020)	70	–	9	21	100	
Non-Executive Directors						
Below S$250,000						
Ong Huat Choo	–	–	100	–	100	
Ong Lay May, Apple	–	–	100	–	100	
Ong Eng Mien, Malcolm	–	–	100	–	100	
Lim Lee Meng	–	–	100	–	100	
Tham Khuan Heng	–	–	100	–	100	
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	100	–	100	$423,500
Hee Theng Fong (stepped down on 23 June 2020)	–	–	100	–	100	
Ong Huat Kee (stepped down on 23 June 2020)	–	–	100	–	100	
Ong Eng Waey Abel (stepped down on 23 June 2020)	–	–	100	–	100	

* Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Yew, Peter stepped down as Executive Directors with effect from 23 June 2020. The above remuneration was in relation to their services rendered from 1 January 2020 to 22 June 2020.

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Remuneration bands	Salary (%)	Bonus (%)	Allowances and other benefits (%)	Total (%)	Total ($)
<u>**Key executives (who are not directors)**</u>					
S$200,000 to S$300,000					
Lai Choy Tong	70	9	13	100	$497,235
S$100,000 to S$200,000					
Ong Hock Siang @ Ong Huat Seong **	98	–	2	100	
Ong Huat Yew Peter**	98	–	2	100	

** Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Yew, Peter were appointed as Advisers of the Company with effect from 23 June 2020. The remuneration above is in relation to their services rendered from 23 June 2020 to 31 December 2020.

The Company has disclosed the remuneration of only three key executives, as there were only three management personnel (who are also not directors) whom the Company has identified as key executives.

Mr Ong Hock Siang @ Ong Huat Seong and Mr Ong Huat Yew Peter are the brothers of the non-executive and non-independent directors, Mr Ong Huat Choo. Mr Ong Huat Yew, Peter is the father of Mr Ong Eng Chian, Kelvin (Deputy Managing Director) and Mr Ong Hock Siang @ Ong Huat Seong is the father of Mr Ong Eng Mien Malcolm, a non-executive and non-independent director. Save as disclosed above, there are no employees who are substantial shareholders or are immediate family members of a director, the CEO or a substantial shareholder and whose remuneration exceeded S$100,000 during the financial year ended 31 December 2020.

The disclosure of the directors' remuneration in bands of S$250,000 varies from Provision 8.1 of the Code which requires companies to disclose the specific remuneration of each director, CEO and at least the top five key management personnel (who are not directors or the CEO). The Board is of the view that full disclosure of the specific remuneration of each individual director and key management personnel is not in the best interests of the Company and may adversely affect the Company's talent retention efforts, given the sensitive nature of the subject and the competition in the industry for key talent. The disclosure of the total remuneration of the executive directors, non-executive directors and key executives provides further information consistent with the intent of Principle 8 of the Code.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risks and sets the tone and direction for the Company in the way risks are being managed, and has established the Enterprise Risk Management Committee ("ERMC") to assist in its oversight of risk management.

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The ERMC is chaired by the Managing Director and comprises two executive directors and three non-executive and non-independent directors. The other executive directors is Mr Ong Eng Chian, Kelvin. The non-executive and non-independent directors are Mr Ong Huat Choo, Ms Ong Lay May, Apple and Mr Ong Eng Mien Malcolm.

The responsibilities of the ERMC includes the review of:

1. changes in the nature and extent of fundamental strategic business risks and the Group's ability to respond to changes in its internal and external environment.

2. the effectiveness of the overall policy and approach to risk management and whether changes or improvements to processes and procedures are necessary.

3. whether risk assessment and risk-based internal control are embedded in ongoing operations and form part of its culture.

4. the incidence of any fundamental control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results.

5. whether risk management continues to be linked to the achievement of the Group's objectives.

6. whether review procedures cover fundamental reputational, governance, staff, marketing, operational, compliance, financial and other risks to achieving the Group's objectives.

7. the appropriate risk appetite or level of exposure for the Group as a whole.

8. reporting the result (top risks only) of the annual review to the Board.

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 the risk owner's rating of the strength of internal controls.

The key risks, risk appetite and parameters, and key risk indicators of the Group are reviewed and deliberated by the ERMC on a regular basis and reported to the Board twice a year. 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, through the internal audit reviews the adequacy and effectiveness of internal control measures identified by the ERM Framework.

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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 the Group's risk management system and internal controls are adequate and effective in addressing the financial, operational, compliance and information technology control needs that the Group considers relevant and material to its operations. The Board is of the opinion that there were no material weaknesses identified in the Group's internal controls or risk management systems in FY2020.

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, loss or poor judgement in decision-making.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC"), which discharges its duties objectively.

The AC comprises three independent directors. The AC is currently chaired by Ms Tham Khuan Heng and comprises two other directors, namely Mr Lim Lee Meng and Mr Chen Timothy Teck Leng @ Chen Teck Leng.

Details of the AC's responsibilities in the terms of reference are set out in the Appendix to this Report. Below is a summary of the AC's key responsibilities:

(a) having all the functions, duties, powers and responsibilities described in Section 201B of the Companies Act, including without limitation, to review with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the external auditors, the scope and results of the internal audit procedures and the financial statements and consolidated financial statements of the Company.

(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance.

(c) reviewing the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and providing a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls.

(d) reviewing audit plans and reports of the external auditors and internal auditors, and consider the results, significant findings and recommendations, together with the effectiveness of actions taken by management on the recommendations and observations.

(e) making recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors.

(f) reviewing the adequacy and effectiveness, independence, scope and results of the external audit and the Company's internal audit function.

(g) taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance when carrying out the AC's duties.

The Board is of the view that the members of the AC are appropriately qualified, and possess recent and relevant accounting or related financial management expertise and experiences to discharge their responsibilities. None of the members of the AC were former partners or directors of the Company's auditing firm within the previous two years commencing on the date of their ceasing to be a partner or director and holds any financial interest in the auditing firm.

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.

The AC is satisfied that internal audit function is effective, independent and adequately resourced. 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.

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.

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.

CORPORATE GOVERNANCE REPORT

During the financial year, the AC performed independent review of the financial statements of the Company before the announcement of the Company's financial results for the first half and full financial year. In the process, the AC reviewed the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials and relevant disclosures. The following key audit matters impacting the financial statements were also discussed with the management and the external auditors and were reviewed by the AC:

Key audit matters	Reviews and comments by the AC
Valuation of inventories Refer to note 3.7 and note 11 to the financial statements **Valuation of trade receivables** Refer to note 3.8, note 12 and note 25 to the financial statements	The AC reviewed and discussed with the management and external auditors on the approach and methodology applied in assessing the valuation of inventories. The AC 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 in the automotive parts industry and historical inventory utilisation experience. The AC reviewed the reasonableness of the judgement in determining the allowance for impairment loss on trade receivables including reasonableness of key assumptions applied and estimates used in the expected credit loss model taking into consideration the historical trend of doubtful trade receivables. The AC also considered the report from the external auditors on their assessment of the valuation methodology, including the key assumptions applied and estimates used. The AC concluded that the judgements applied were reasonable in preparing the financial statements for the year.
Valuation of plant and equipment and right-of-use ("ROU") assets Refer to note 3.4, note 3.6, note 3.8, note 4 and note 5 to the financial statements	The AC reviewed and discussed with management and external auditors on the approach and methodology applied to the impairment assessment including reasonableness of the key assumptions used in the determination of recoverable amounts of the cash generating unit to which the plant and equipment and ROU assets belong. The AC also considered the report from the external auditors on their assessment of the valuation methodology, including the key assumptions applied. The AC was satisfied that the valuation approach and key assumptions used in the impairment assessment were reasonable.

The Company has in place a whistle-blowing policy (www.tyesoon.com/whistleblowing). 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 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. During the year, no non-audit fee was paid to KPMG LLP.

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 SGX Listing Manual.

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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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.

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").

Separate resolutions are proposed at general meetings for each distinct issue. 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.

All directors, including the Chairpersons of the AC, NC and RC are 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.

The Company's Constitution allows Shareholders to appoint up to two proxies to attend and vote at general meetings.

CORPORATE
GOVERNANCE REPORT

Minutes of general meetings of the Company are available to Shareholders upon request. The Company will publish minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company does not have a formal dividend policy. In the Company's results announcement for FY2020 on 24 February 2021, the following disclosure was communicated to shareholders:

"In considering whether to recommend a dividend, the Board takes into account various factors including profitability, cash flow requirements, business outlook and the prevailing general economic/ market conditions."

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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) quarterly update on the Company's trading performance;

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

(e) disclosures to the SGX-ST; and

(f) 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. The annual 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.

The Company has in place an investor relations policy which allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. To enhance and encourage communication with shareholders and investors, the Company provides the contact information in its website. Shareholders and investors can send their enquiries through email.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company believes its stakeholders play a vital role in the formulation of the Group's business operation and long-term strategy. Through effective communication, the Company understands the concerns of its stakeholders and take them into consideration when making business decisions. Stakeholders have been identified based on the extent to which they affect or are affected by the Group's business activities and include the following:

- investors,
- customers,
- employees,
- communities,
- government and regulators, and
- suppliers

The Group actively engages stakeholders through regular meetings and timely updates of information, including organisation policies, financial results and announcements, business developments, press releases, and relevant disclosures on SGXNet and the Group's website. It strives to develop various channels of communication and continue meaningful dialogue with key stakeholders.

The Group has a process in place to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Engagement with material stakeholder groups, including key areas of focus and engagement channels are disclosed in the "Sustainability Report" section of the Annual Report.

2 INTERESTED PERSON TRANSACTIONS

No interested person transactions of S$100,000 or more were entered into during the financial year ended 31 December 2020.

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 2020.

CORPORATE GOVERNANCE REPORT

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.

APPENDIX TO CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES – RESPONSIBILITIES

NOMINATING COMMITTEE

1. Making recommendations to the Board on relevant matters relating to:

    (a) The review of board succession plans for Directors, in particular, the appointment and/ or replacement of the Chairman and the Chief Executive Officer, and key management personnel;

    (b) The process and objective performance criteria for the evaluation of the performance and effectiveness of the Board as a whole, each board committees separately, the contribution by the Chairman and each individual Director;

    (c) The review of training and professional development programmes for the Board, its board committees and the Directors; and

    (d) The appointment and re-appointment of Directors (including alternate directors, if any), including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.

2. Reviewing annually whether the Board and the board committees are of:

    (a) An appropriate size;

    (b) An appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company; and

    (c) An appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate.

CORPORATE GOVERNANCE REPORT

3. Reviewing and determining annually, and as and when circumstances require, whether or not a Director is independent having regard to the requirements of the Code and accompanying Practice Guidance.

4. Ensuring that Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence and review such disclosures from the Directors and highlight these to the Board as required.

5. Reviewing the training and professional development programs for the Board, in particular to ensure that new Directors are aware of their duties and obligations.

6. Reviewing and determining if a Director is able to and has been adequately carrying out his/her duties as a director of the Company and in respect of Director who has multiple board representations on publicly listed companies, providing a reasoned assessment of the ability of the Director to diligently discharge his/her duties.

7. Setting the objectives for achieving board diversity and reviewing the Company's progress towards achieving these objectives.

8. Reviewing the statements in the Company's annual reports with a view to achieving clear disclosure of relevant matters.

9. Reviewing NC's terms of reference annually and recommend any proposed changes to the Board for approval.

REMUNERATION COMMITTEE

1. Reviewing and recommending to the Board, a framework of remuneration and guidelines for remuneration of the Directors and such other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("**Key Management Personnel**").

2. Reviewing and recommending to the Board specific remuneration packages for each Director and Key Management Personnel.

3. Considering all aspects of remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments), including termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the Company's strategic objectives.

4. Administering any share schemes which may be approved by the shareholders.

5. Reviewing the succession plans for key positions.

6. Reviewing the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in the Company's annual report with a view to achieving clear disclosure of the same.

CORPORATE GOVERNANCE REPORT

7. Considering all factors as may be specified in the Code and accompanying Practice Guidance in carrying out its duties.

8. Reviewing the RC's terms of reference annually and recommend any proposed changes to the Board for approval.

AUDIT COMMITTEE

1. To have all the functions, duties, powers and responsibilities described in Section 201B of the Companies Act, including without limitation, to review with the auditor, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the auditor, the scope and results of the internal audit procedures and the financial statements and consolidated financial statements of the Company.

2. To review the significant financial reporting issues and judgements so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance.

3. To review at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and, where necessary and appropriate, provide a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls.

4. To review audit plans and reports of the external auditors and internal auditors, and consider the results, significant findings and recommendations, together with the effectiveness of actions taken by management on the recommendations and observations.

5. Where necessary, to commission an independent audit on internal controls and risk management systems for the AC's assurance, or where it is not satisfied with the Company's systems of internal controls and risk management.

6. To review the assurance from the Chief Executive Officer ("**CEO**") and the Chief Finance Officer ("**CFO**") on the financial records and financial statements of the Company.

7. To make recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors.

8. To review the adequacy and effectiveness, independence, scope and results of the external audit and the Company's internal audit function.

9. To commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position and ensure that appropriate follow-up actions are taken.

10. To review the Company's policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

CORPORATE GOVERNANCE REPORT

11. To be the primary reporting line of the internal audit function and ensure that the internal audit function has direct and unrestricted access to the Chairman of the Board and the AC.

12. To ensure that the internal audit function is independent, effective and adequately resourced. The internal audit function should be staffed with persons with the relevant qualifications and experience. To decide on the appointment, termination and remuneration of the head of the internal audit function.

13. To meet with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually and to review the co-operation extended to the internal auditors and the external auditors.

14. To review the nature, extent and costs of non-audit services performed by the external auditors, to ensure their independence and objectivity.

15. To review interested person transactions (including where required under any general mandate as may from time to time be approved by shareholders of the Company pursuant to the Listing Rules of the Singapore Exchange Securities Trading Limited ("**Listing Rules**") and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Listing Rules, as well as all conflicts of interest to ensure that proper measures to mitigate such conflicts of interest have been put in place, in relation to interested person transactions.

16. To recommend the appointment of an independent financial adviser ("**IFA**") (where necessary under the Listing Rules and its fees in respect of any transaction, matter or any other corporate action taken by the Company where such IFA is required.

17. To review the statements to be included in the Company's annual report concerning the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, with a view to achieving clear disclosure of the same.

18. In carrying out its duties, to take into consideration all factors as may be specified in the Code of Corporate Governance 2018 ("**Code**") and the accompanying Practice Guidance (as each may be from time to time amended, modified or supplemented).

19. To review the AC's terms of reference annually and recommend any proposed changes to the Board for approval.

SUSTAINABILITY REPORT

Board Statement

The Board of Directors at Tye Soon Limited (the "Company") and its subsidiaries (the "Group") are pleased to publish our sustainability report for the financial year ended 31 December 2020 ("FY2020").

Striving for sustainability in business has become more of a requirement than an option due to increased global concern about climate change. We believe that it is important for us to integrate environmental, social and governance ("ESG") considerations into our long-term business strategy.

The Board oversaw a materiality assessment that was conducted in 2017 and reviewed this year to identify where to concentrate our sustainability efforts in high impact areas which support our business strategy. Our material factors in 2020 have remained unchanged from last year. We are supported by the Sustainability Steering Committee (the "SSC"), comprising key executives across the Group, to develop sustainability strategies and manage its performance. We have reviewed our performance against the targets set last year for each material factor.

This report is aligned with Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B – Sustainability Reporting Guide and has been prepared with reference to the internationally recognised Global Reporting Initiative ("GRI") Standards (2016). All data in this report is presented in good faith and to the best of our knowledge. We have not obtained any independent assurance of the information reported for this report.

We invite you to learn more about our journey and the measures we have taken to make us more resilient in the future, so as to continue to create value for the Group and our stakeholders.

About This Report

To be read in conjunction with its financial statements, this report addresses the Group's material environmental, social and governance ("ESG") topics from 1 January to 31 December 2020.

Reporting Scope and Boundaries

In defining the reporting scope, we considered the percentage of contribution to the total revenue, the level of ownership by the Group as well as the significance of any resulting economic, environmental and social impacts. In our sustainability report, we have included 8 entities which are located at Singapore, Malaysia, Australia, and Korea.

Reporting Guidelines

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B, and with reference to the Global Reporting Initiative ("GRI") Standards (2016).

Stakeholder Engagement

We believe stakeholders play a vital role in the formulation of the Group's business operation and long-term strategy. Through effective communication, we understand the concerns of our stakeholders and take them into considerations when making business decisions. These stakeholders have been identified based on the extent to which they affect or are affected by our business activities. Our stakeholders with whom we connect on periodic basis include investors, customers, employees, communities, government and regulators, as well as suppliers.

SUSTAINABILITY REPORT

The Group actively engages stakeholders through regular meetings and timely updates of information, including organisation policies, financial results and announcements, business developments, press releases, and relevant disclosures on SGXNet and company website. We strive to develop various channels of communication and continue meaningful dialogue with our key stakeholders. In addition, we proactively participate in the activities of The Singapore Cycle & Motor Traders' Association[1] ("SCMTA") and Victorian Automobile Chamber of Commerce ("VACC")[2] and Australian Automotive Aftermarket Association ("AAAA")[3].

Materiality Assessment

In FY2017, a Materiality Assessment was initiated by the Group to identify, prioritise and validate ESG factors that are significant to our business operations and of interest to key stakeholders. The exercise took reference from the GRI Standards (2016) Materiality Principle and was facilitated by an independent sustainability consultant.

The participants engaged in the assessment workshop that required them to consider the following:

- Global and local emerging sustainability trends;
- Material topics and future challenges, as identified by peers;
- Options of sustainability reporting frameworks and relevant sector-specific guidance; and
- Insights gained from regular interactions with external stakeholders.

As a result of the workshop, the following 7 factors were identified to be material to the Group. These were validated by the Board and are the focus of this sustainability report. In FY2020, we reviewed the materiality assessment process and concluded that the material factors are still reflective of our current business direction and thus our 7 material factors remained unchanged.

Sustainability Focus Areas	***Material Factors***	***Mapped GRI Topics***
Economic Impact	• Economic Performance	• Economic Performance
Environmental Protection	• Energy	• Energy
Social Responsibility	• Talent Retention	• Employment
	• Training and Education	• Training and Education
	• Occupational Health & Safety	• Occupational Health & Safety
	• Customer Satisfaction	• Non-GRI Topic
Governance	• Product Range and Excellence	• Non-GRI Topic

[1] Singapore Cycle & Motor Traders' Association (SCMTA) represents about 80% of the bicycles, motor vehicle parts and accessories dealers in Singapore. Further information can be found by visiting SCMTA's official website: http://www.autoparts. com.sg

[2] The Victorian Automobile Chamber of Commerce (VACC) is an automotive industry employer association. Further information can be found by visiting VACC's official website: https://www.vacc.com.au/

[3] The Australian Automotive Aftermarket Association (AAAA) is the national industry association representing manufacturers, distributors, wholesalers, importers and retailers of automotive parts and accessories, tools and equipment, as well as providers of vehicle service, repair and modification services in Australia. Further information can be found by visiting AAAA's official website: https://www.aaaa.com.au/

SUSTAINABILITY REPORT

Economic Impact

Economic Performance

At Tye Soon, we carry out our operations responsibly so as to continuously create sustainable value for our customers and shareholders. The Group has therefore implemented 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. As part of the framework, risk management policies and systems are assessed by the ERM committee regularly and reported to the Board of Directors twice a year. Management team is responsible for implementing the risk management policies as well as a Group-wide system for internal assurance. This ensure that the top management is in control of any potential financial risks.

Details of the Group's financial performance in FY2020 can be found in the 5-Year Financial Summary (page 3) and Financial Statement (pages 23 to 99) sections of this Annual Report.

Environmental Protection

Energy

The Group acknowledges that climate change and global warming are included in the international and local sustainability agenda. As our business operations contribute to these phenomenon, we endeavour to minimise the negative environmental impact whilst reducing our operational cost.

Energy conservation has always been a key operational focus. We work closely with the property owners to drive continuous improvement in energy efficiency within our offices and warehouses. Several energy saving initiatives have been implemented, including:

- ***Invest in energy efficient technologies***

  Lighting accounts for a significant part of electricity consumption in a building. As light-emitting diode ("LED") light fittings are estimated to be more energy efficient than traditional lighting, we have introduced LED retrofit projects in our offices and warehouses by participating in a local government incentive scheme in Australia.

- ***Conduct regular maintenance***

  We keep track of regular maintenance to ensure routine actions are undertaken on equipment in order to mitigate the consequences of failure. Staffs are also encouraged to provide feedback on malfunctioning equipment to allow timely repair. Moreover, the monthly consumption of utilities is monitored to identify potential opportunities to improve energy efficiency.

- ***Raise environmental awareness***

  We believe in a corporate culture that values sustainability. Sustainability within the corporate culture results in operational cost savings and marketable brand to our consumers as well as prospective employees. To increase environmental awareness, we support promotion of energy savings and waste management initiatives by sending out effective messages to our employees and building users.

SUSTAINABILITY REPORT

Electricity consumption serves as a main source of energy usage in our offices and warehouses. Electricity intensity accounted for 8.91 KWh/m2 in FY2020 as compared to 9.91 KWh/m2 in FY2019, of our total occupied area. Some of our offices and warehouses were closed temporarily for a period of time where movement control measures were introduced. These temporarily closures had reduced our electricity consumption in 2020. Moving forward, we target to maintain the energy intensity around 9.50 KWh/m2 level in the forthcoming year.

Social Responsibility

Talent Retention

At the Group, our people play a crucial role in the growth of our business. The retention of a diligent workforce creates a positive work environment, and strengthens employees' commitment to the organisation. We believe stability and continuity in leadership and technical expertise will result in increased trust and confidence among our stakeholders.

In line with our commitment towards creating a positive work environment, we reward our employees based on their abilities and performance. Employees' performance is linked directly to the competitive remuneration and is an important basis for decisions such as yearly salary and job promotion.

The Group strives to enhance the employees' overall effectiveness as well as their continuous contribution and growth. We also believe that open and continuous dialogues with employees can help to reduce turnover while improving working conditions. Employee engagement sessions are conducted to allow employees to address their concerns and provide their feedback if necessary.

We have maintained a diligent workforce by implementing the above practices. In FY2020, our employee yearly turnover was 19% as compared to FY2019 of 13%. We aim to achieve an employee turnover of less than 15% in the forthcoming year.

Training and Education

In a dynamic business environment, we recognise the need to continuously upgrade our employees' skills in order to equip them with the tools necessary for growth. Employees' training and development remain our key priorities. We believe that ongoing career development will lead to improved business performance and contribute to employee satisfaction.

To help our employees achieve their full potential, the Group encourages them to upgrade their knowledge and skillset. We provide training opportunities for the employees to work and learn in the current work environment.

In Australia and South Korea, we have an employee induction programme to provide all new recruits with essential information, such as job profile, mock trainings, introduction to business operations, policies & procedures of the organisation. We believe the induction programme is one of the most effective and efficient ways to bring new team members up to speed on a whole range of company policies that apply to the role.

In FY2020, each employee received an average of 7 training hours as compared to 12 training hours in FY2019. In the forthcoming year, we aim to provide all our employees with equal opportunity to relevant trainings as per the requirements.

SUSTAINABILITY REPORT

Occupational Health and Safety

As a responsible employer, we believe in safe working environment in our operations. We believe it is very important to minimise the risks of work-related injury and illness as it not only endangers employee safety but also have an impact on operational efficiency and reputational damage of the company. It is our commitment to adhering to the local safety laws and regulations in each of our geographic markets.

At the Group, employees are required to abide by the health and safety measures, and undertake reasonably practicable steps to ensure workplace safety. Regular reviews are conducted to improve our existing safety standards and practices. We also ensure compliance to safety laws and regulations in the countries where we operate. We conduct regular safety inspection at our facilities to identify potential health and safety risks and take preventive measures wherever necessary.

We record all work-related injury, regardless of its severity and conduct a follow up for implementation of corrective action plan. Employees are required to follow the emergency procedure by informing the manager and/or supervisor in charge to take necessary actions.

In FY2020, accident frequency rate[4] was 19 accidents per million manhours worked. It was at the same level of the accident frequency rate[4] of 19 accidents per million manhours worked in FY2019. There were zero reported workplace fatalities in FY2020. We continue to encourage employees to work towards the goal of zero injuries. Moving forward, we target to maintain zero work-related fatalities.

Customer Satisfaction

We view customer satisfaction as a critical part for business success. We regularly review the roles and skillsets of the people who are customer facing to improve our customer services. Our employees are equipped with good product knowledge, skills and competencies required to fulfill customer requirements.

At Tye Soon, we strive to retain as many existing customers as possible whilst acquiring new customers. We broaden our communication channels with our customers from customer feedback from our website and customer events. This will enable us to hear the voice of our customers and respond to it efficiently. In this way, we will be able to understand whether our products and services are able to meet customer expectations.

In 2020, we continued to engage our customers through social media and time spent with customers through video/audio calls etc.. With various forms of engagement, we obtained their feedback on our products and services. Moving forward, we target to address relevant feedbacks in timely manner.

Governance

Product Range and Excellence

At Tye Soon, we believe that good governance and product excellence go hand-in-hand. Good governance practices reduces exposure of the company to unnecessary risks and leads to opportunities for growth and improved performance. Through good governance we embrace a competitive business strategy by offering a wide range of products and services with excellence to meet our customers' increasingly diverse demand. Product range and excellence are considered as a cornerstone for our business as it contributes to revenue and profitability. We ensure that our customers are fully satisfied with our products and services and retain their relationship with us.

[4] Accident frequency rate: Number of lost time injuries resulted due to accidents per million man hours worked

SUSTAINABILITY REPORT

Our management plays an active role in implementing the initiatives below that expand product range and enhance excellence.

Conduct product quality assessment	Understand customer demand	Reinforce brand strategy
Develop product portfolio	Improve customer satisfaction	Ensure quick and reliable response
Act on customer feedback	Boost time efficiency	Distribute safe and top notch quality products

In 2020, we have brought in new products under different brands to meet our customers demand. Moving forward, we target to maintain our current brands for our products and services.

SHAREHOLDING STATISTICS

As at 16 March 2021

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

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	77	1.98	3,837	0.01
100 – 1,000	1,817	46.62	1,233,866	1.41
1,001 - 10,000	1,676	43.01	6,020,763	6.90
10,001 - 1,000,000	319	8.18	20,851,720	23.89
1,000,001 and above	8	0.21	59,154,843	67.79
	3,897	100.00	87,265,029	100.00

Shareholdings Held in Hands of Public

Based on information available to the Company as at 16 March 2021, approximately 33.74% 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	Abel Eng Waey Ong	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	Lee Seck Yee	784,666	0.90
10	Kuan Bon Heng	779,000	0.89
11	Kok Wen Fatt	777,800	0.89
12	Ong Eng Keng Michael	731,780	0.84
13	Tan Yong Ping (Chen Yongbin)	706,666	0.81
14	Maybank Kim Eng Securities Pte Ltd	623,298	0.71
15	Ong Lay May Apple	600,000	0.69
16	Heng Chin Kiang	576,500	0.66
17	ABN Amro Clearing Bank N.V.	567,900	0.65
18	Goh Guan Siong (Wu Yuanxiang)	562,300	0.64
19	Peh Kok Kah	545,866	0.63
20	United Overseas Bank Nominees Pte Ltd	488,566	0.56
		66,899,185	76.66

SHAREHOLDING STATISTICS

As at 16 March 2021

Substantial Shareholders as at 16 March 2021
(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 2021 (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 Huat Choo	2,684,100	3.08	–	–
Ong Lay May, Apple	600,000	0.69	–	–
Ong Eng Chian Kelvin	402,708	0.46	–	–
David Chong Tek Yew	1,383,666	1.59	–	–
Ong Eng Mien Malcolm	52,666	0.06	–	–
Lim Lee Meng	–	–	–	–
Tham Khuan Heng	–	–	–	–
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	–	–

NOTICE OF 65TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 65th Annual General Meeting (***AGM***) of Tye Soon Limited (***Company***) will be convened and held by way of electronic means on Friday, 23 April 2021 at 10:00 a.m. 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 2020, together with the auditors' report thereon.	**(Resolution 1)**
2. To approve directors' fees of S$498,500 payable by the Company for the financial year ended 31 December 2020 (2019: S$384,000).	**(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) Ms Ong Lay May Apple	**(Resolution 3)**
(b) Mr Ong Eng Chian Kelvin	**(Resolution 4)**
(c) Ms Tham Khuan Heng	**(Resolution 5)**
4. To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2021 and to authorise the directors to fix their remuneration.	**(Resolution 6)**
5. 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:

6. Authority to allot and issue shares **(Resolution 7)**

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

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65TH 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 and subsidiary holdings, 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 and subsidiary holdings, 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 and subsidiary holdings, 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, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

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

    provided further that adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

(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

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65TH ANNUAL GENERAL MEETING

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

By Order of the Board of Directors

EVELYN WEE KIM LIN
Company Secretary
Tye Soon Limited

7 April 2021
Singapore

Explanatory Notes:

Resolutions 3, 4 and 5

The proposed Resolutions 3, 4 and 5 are to re-elect Ms Ong Lay May Apple, Mr Ong Eng Chian Kelvin and Ms Tham Khuan Heng who will be retiring by rotation pursuant to Regulation 104 of the Constitution.

If re-elected, Ms Ong Lay May Apple will remain as member of the Enterprise Risk Management Committee of the Company.

If re-elected, Mr Ong Eng Chian Kelvin will remain as member of the Executive Directors' Committee and the Enterprise Risk Management Committee of the Company.

If re-elected, Ms Tham Khuan Heng will remain as member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company and will also remain as the Chairman of the Audit Committee of the Company and the independent non-executive Chairman of the Board of Directors. She is considered an independent director.

Detailed information on these directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST) can be found on pages 106 to 107 and pages 136 to 142 of the Company's Annual Report 2020.

Resolution 7

The proposed Resolution 7, if passed, will empower the directors, from the date of the 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 and subsidiary holdings, if any, with a sub-limit of 20% for Shares issued other than on a *pro rata* basis to members.

Notes:

I. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's website at the following URL: https://www.tyesoon.com. The Notice of AGM is also available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

II Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below and in the accompanying Company's announcement dated 7 April 2021.

III. **Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, members will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**

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65TH ANNUAL GENERAL MEETING

The accompanying proxy form for the AGM may be accessed at the Company's website at the following URL: https://www.tyesoon.com and will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements. Printed copies of the proxy form will not be sent to members.

Members may participate at the AGM by taking note of the following steps:

1. **Participation in the AGM Proceedings**

   Members and investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) (***Investors***) (including investors holding through Central Provident Fund (***CPF***) and Supplementary Retirement Scheme (***SRS***) (***CPF/SRS investors***)) who wish to watch the "live" webcast of the AGM or listen to the "live" audio stream of the AGM proceedings must pre-register, **no later than 10:00 a.m. on 20 April 2021** (***Registration Cut-Off Time***) at the following URL: **https://conveneagm.sg/tyesoonltd** to create an account.

   Following authentication, members and Investors will receive a confirmation email on their authentication status and will be able to access the "live" webcast or "live" audio stream using the account created.

   Members and Investors must not forward the above-mentioned link to any other persons who are not members and Investors of the Company and who are not entitled to attend the AGM.

   Members and Investors who have registered by the Registration Cut-Off Time and have not been informed of an unsuccessful registration but have not received the confirmation email by 10:00 a.m. on 21 April 2021 should contact the Company's Share Registrar, M&C Services Private Limited, at Tel No 6228 0530 or email to gpb@mncsingapore.com, with the following details included: (1) the member's full name; and (2) his/her/its identification/registration number.

2. **Submit Question in advance**

   Members and Investors will not be able to ask questions "live" during the broadcast of the AGM. Therefore, it is important for members and investors to register and submit their questions in advance of the AGM.

   If members and CPF/SRS investors have any questions in relation to any of the resolutions to be tabled for approval at the AGM, members and CPF/SRS investors may send their queries in advance, **by 10:00 a.m. on 20 April 2021**, via email at investor_relations@tyesoon.com and provide their particulars: (1) the member's full name; and (2) his/her/its identification/registration number, contact for verification purposes, failing which the submission will be treated as invalid.

   The Company will address all substantial and relevant questions from members and CPF/SRS investors prior to, or at the AGM. The minutes of the AGM, which will include responses to substantial and relevant questions from the members and CPF/SRS investors which are addressed during the AGM, shall thereafter be published on SGXNet and the Company's website, within one month from the conclusion of the AGM.

   Investors (other than CPF/SRS investors) will not be able to submit questions relating to the business of the AGM via the above means. Instead, they should approach their relevant intermediaries as soon as possible in order for the relevant intermediaries to make the necessary arrangements for them to submit questions in advance of the AGM.

3. **Proxy Voting**

   A member will also not be able to vote online on the resolutions to be tabled at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

   The proxy form may be accessed at the Company's website at the following URL: https://www.tyesoon.com and the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors who wish to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. CPF/SRS investors who wish to appoint the Chairman of the AGM as their proxy should approach their respective CPF agent banks or SRS Operators to submit their votes at least seven (7) working days before the date of the AGM.

   The Chairman of the AGM, as proxy, need not be a member of the Company.

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The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

(i) If submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or

(ii) If submitted electronically, be submitted via email to the Company's Share Registrar at gpb@mncsingapore.com,

in either case, by **10:00 a.m. on 21 April 2021**, being 48 hours before the time appointed for holding the AGM.

A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

IV. All documents (including the Annual Report 2020, the proxy form and the Notice of AGM) or information relating to the business of the AGM have been, or will be, published on the Company's website at the URL: https://www.tyesoon.com and on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

Due to the constantly evolving COVID-19 situation, the Company will closely monitor the situation and reserve the right to change our arrangements for the AGM at short notice. Members and Investors should check SGXNET at the URL: https://www.sgx.com/securities/company-announcements for the latest updates of the AGM. The Company apologises for any inconvenience caused and seek the understanding and cooperation of all members in enabling the Company to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

PERSONAL DATA PRIVACY:

By (a) submitting a proxy form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof), the processing of the pre-registration for purposes of granting access to members or their representatives to attend the "live" webcast or "live" audio stream of the AGM proceedings and providing technical assistance where necessary; addressing relevant and substantial questions from members received before the date of AGM and if necessary, following up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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, regulations and/or guidelines.

In the case of a member who is a relevant intermediary, by submitting an instrument containing personal data of individuals (including the consolidated list of Investors set out in Note 1 of this Notice of AGM), such member (i) warrants that it has obtained the prior consent of such individuals for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of such individuals in connection with their participation in the broadcast of the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines, and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Disclosure of information on directors who offer themselves for re-election

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7.4.1 of the Listing Rule of the SGX-ST is disclosed below:

Name of Director	**Tham Khuan Heng**	**Ong Eng Chian, Kelvin**	**Ong Lay May, Apple**
Date of Appointment	17 April 2003	17 July 2006	27 October 1993
Date of last re-appointment (if applicable)	27 April 2018	29 April 2019	27 April 2018
Age	61	46	57
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Tham as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, past experience and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Ong as the Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Ong as the Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, past experience and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-executive Chairman of the Board, Chairman of the AC and Member of NC and RC.	Deputy Managing Director, Member of EC and ERMC	Non-Independent Director, Member of ERMC
Professional qualifications	CA (Singapore)	Bachelor of Engineering	Bachelor of Science

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Name of Director	Tham Khuan Heng	Ong Eng Chian, Kelvin	Ong Lay May, Apple
Working experience and occupation(s) during the past 10 years	Ms Tham has been independent director of Tye Soon Limited since 2003. She was chief financial officer of a public listed company and a partner of an international public accounting firm.	Please refer to Group Management Team of the Annual Report.	Ms Ong had many years of working experience in the Company. Prior to December 2010, she was an Executive Director of the Company.
Shareholding interest in the listed issuer and its subsidiaries	No	402,708 ordinary shares in Tye Soon Limited	600,000 ordinary shares in Tye Soon Limited
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Son of Mr Ong Huat Yew Peter (Adviser), Nephew of Mr Ong Huat Choo (Non-Executive Director) and Mr Ong Hock Siang @ Ong Huat Seong (Adviser). Cousin of Mr Ong Eng Mien Malcolm (Non-Executive Director) and Ong Lay May Apple (Non-Executive Director).	Niece of Mr Ong Huat Choo (Non-Executive Director), Mr Ong Hock Siang @ Ong Huat Seong (Adviser) and Mr Ong Huat Yew Peter (Adviser). Cousin of Mr Ong Eng Chian Kelvin (Deputy Managing Director) and Mr Ong Eng Mien Malcolm (Non-Executive Director).
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships			
Past (for the last 5 years)	No	No	No
Present	Viriya Community Services Pureland Learning Society (Singapore)	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Name of Director		Tham Khuan Heng	Ong Eng Chian, Kelvin	Ong Lay May, Apple
Information required pursuant to Listing Rule 704(7)				
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him/her?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Name of Director		Tham Khuan Heng	Ong Eng Chian, Kelvin	Ong Lay May, Apple
(d)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No
(e)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Name of Director		Tham Khuan Heng	Ong Eng Chian, Kelvin	Ong Lay May, Apple
(f)	Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No
(g)	Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h)	Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Name of Director			Tham Khuan Heng	Ong Eng Chian, Kelvin	Ong Lay May, Apple
(i)	Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?		No	No	No
(j)	Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:				
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS WHO OFFER THEMSELVES FOR RE-ELECTION

Name of Director			Tham Khuan Heng	Ong Eng Chian, Kelvin	Ong Lay May, Apple
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
	in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?				
(k)	Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warnings, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No	No	No
Disclosure applicable to the appointment of Director only.					
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).			N.A.	N.A.	N.A.

TYE SOON LIMITED

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

IMPORTANT
Alternative Arrangements for Annual General Meeting

1. The 65th Annual General Meeting (***AGM***) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be sent to members. Instead, the Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on the Company's website at the following URL: https://www.tyesoon.com. The Notice of AGM is also available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 7 April 2021. This announcement may be accessed at the Company's website at the URL: https://www.tyesoon.com and is also available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.**
4. This proxy form is not valid for use by investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("**Investors**") (including investors holding through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least seven (7) working days before the date of the AGM to submit his/her vote.
5. By submitting this Proxy Form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 April 2021.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her behalf at the AGM.**

PROXY FORM

*I/We, ______________________ (Name) ______________ (NRIC/Passport No./ Company Registration No.)

of ____ (Address)
being *a member/members of TYE SOON LIMITED (***Company***), hereby appoint the **Chairman of the AGM,** as *my/our proxy, to attend, speak and vote for *me/us on *my/our behalf, at the 65th Annual General Meeting (***AGM***) of the Company to be held by way of electronic means on **Friday, 23 April 2021 at 10:00 a.m.** and at any adjournment thereof in the following manner:

No.	Resolutions	For**	Against**	Abstain**
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020, together with the auditors' report thereon.			
2.	To approve the directors' fees for the year ended 31 December 2020.			
3.	To re-elect Ms Ong Lay May Apple as a director.			
4.	To re-elect Mr Ong Eng Chian Kelvin as a director.			
5.	To re-elect Ms Tham Khuan Heng as a director.			
6.	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.			
Special Business				
7.	General authority to the directors to issue shares and/or Instruments.			

Notes:

* Delete accordingly
** Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "**For**" or "**Against**" the relevant resolution, please tick "**X**" in the relevant box provided. Alternatively, please indicate the number of votes "**For**" or "**Against**" each resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with "**X**" in the **Abstain** box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the **Abstain** box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this ____________ day of April 2021.

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:

IMPORTANT

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. **Due to the current COVID-19 restriction orders and the related elevated safe distancing measures in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This proxy form may be accessed at the Company's website at the following URL: https://www.tyesoon.com and the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   This proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least seven (7) working days before the date of the AGM.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (i) If submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902; or

   (ii) If submitted electronically, be submitted via email to the Company's Share Registrar at gpb@mncsingapore.com.

   in either case, by **10:00 a.m. on 21 April 2021**, being 48 hours before the time appointed for holding the AGM.

   A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

TYE SOON LIMITED

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