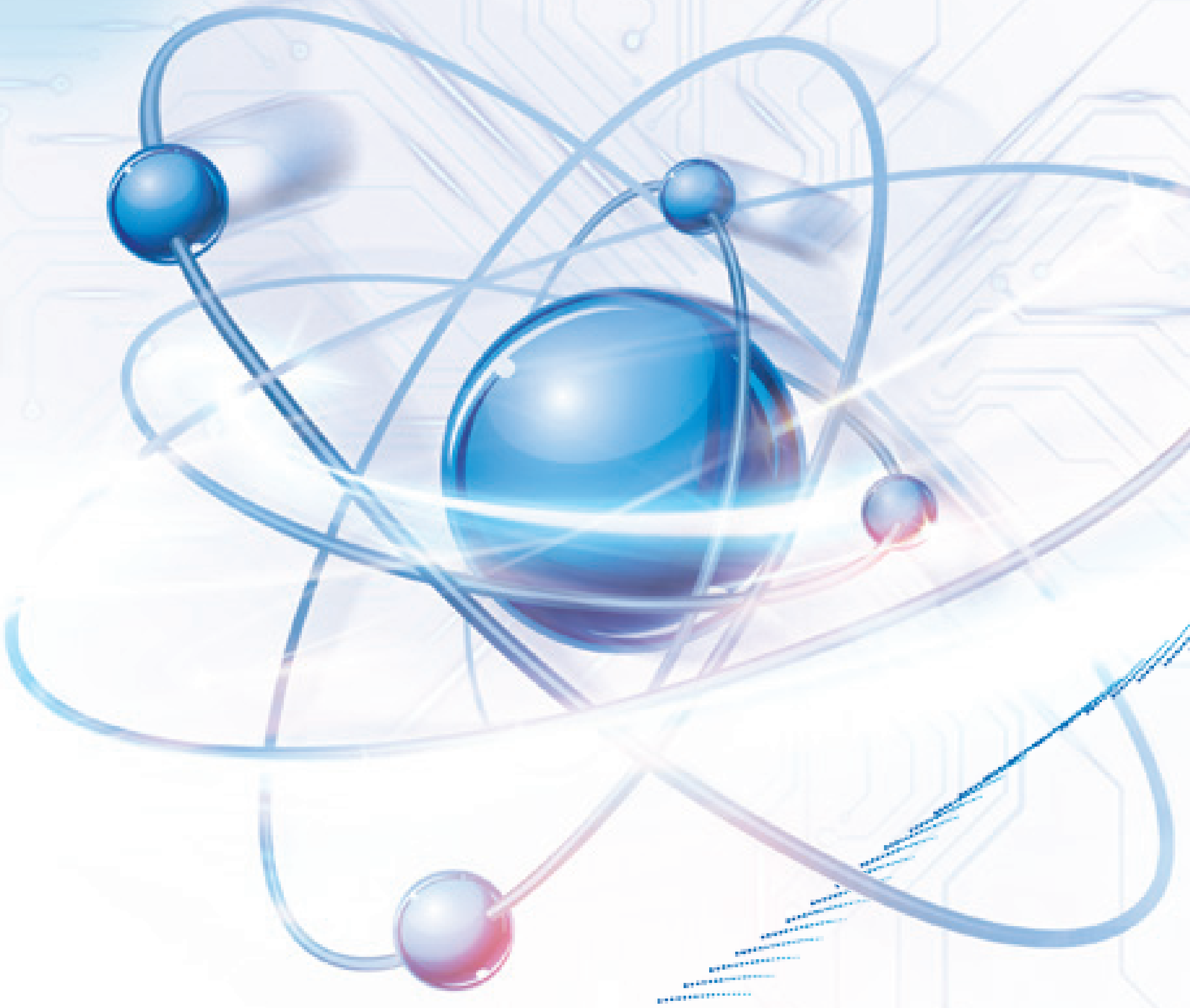


ACCELERATING DIGITAL TRANSFORMATION

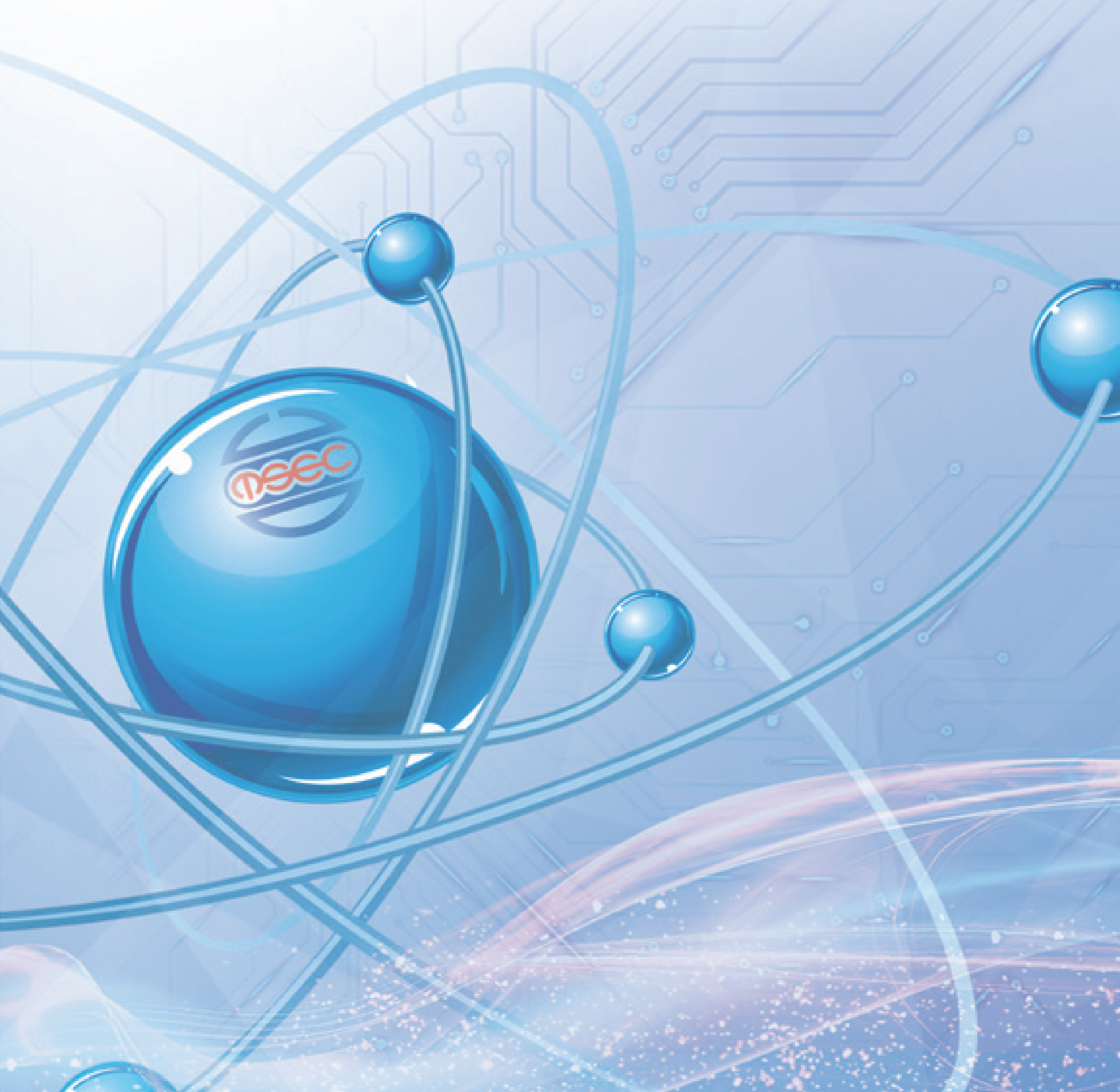
Tai Sin®

Tai Sin Electric Limited
Annual Report **2020**

CONTENTS

ACCELERATING DIGITAL TRANSFORMATION

Our ongoing drive to transform our capabilities, expertise and solutions functioned as a bulwark against the sweeping changes arising from the challenges for the year. We were quick to leverage on the changes and built on our momentum to innovate and achieve new milestones in our digital transformation journey. With our core augmented and new engines of growth in the pipeline, we are energised for the future.



TAI SIN AT A GLANCE

Tai Sin Electric Limited was established with the foresight and determination as a cable manufacturing business in 1980. Today, after over 40 years of strategic expansion and diversification, Tai Sin has emerged as a leading and trusted Industrial Group in Southeast Asia. Listed on the Stock Exchange of Singapore, SESDAQ in 1998, Tai Sin was subsequently transferred to the SGX Main Board in 2005.

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

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

MISSION

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

VISION

To be a leading Industrial Group that contributes to a safer tomorrow.

CORE VALUES

INTEGRITY
We treasure loyalty, uphold honesty, and practise good business ethics.

RELIABILITY
We uphold service excellence, take pride in our product quality and ensure commitments are duly fulfilled.

UNITY
We embrace teamwork, harmony and mutual respect with our customers, suppliers, and employees.

TAI SIN SUSTAINABILITY LIVING PLAN

PRODUCTS THAT PROVIDE **SAFETY**

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

PRODUCTS THAT ARE **SAFE** TO USE

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

SERVICES THAT PROVIDE **SAFETY**

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

SUSTAINABILITY

BUSINESS SEGMENTS

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

CABLE & WIRE (C&W)

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

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

ELECTRICAL MATERIAL DISTRIBUTION (EMD)

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

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

SWITCHBOARD (SB)

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

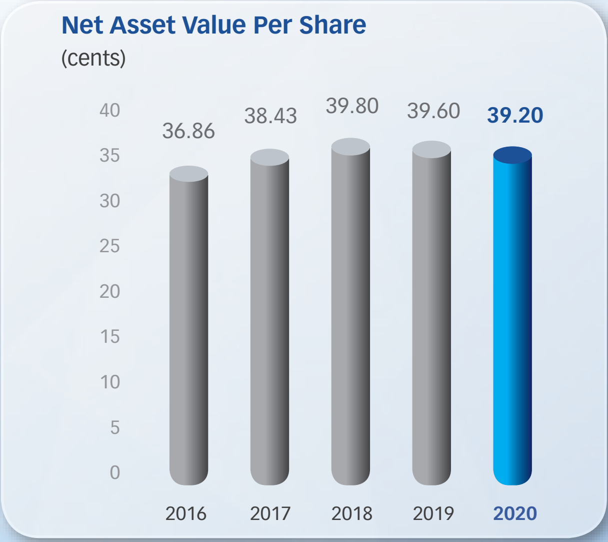
- PKS Sdn Bhd

TEST & INSPECTION (T&I)

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

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

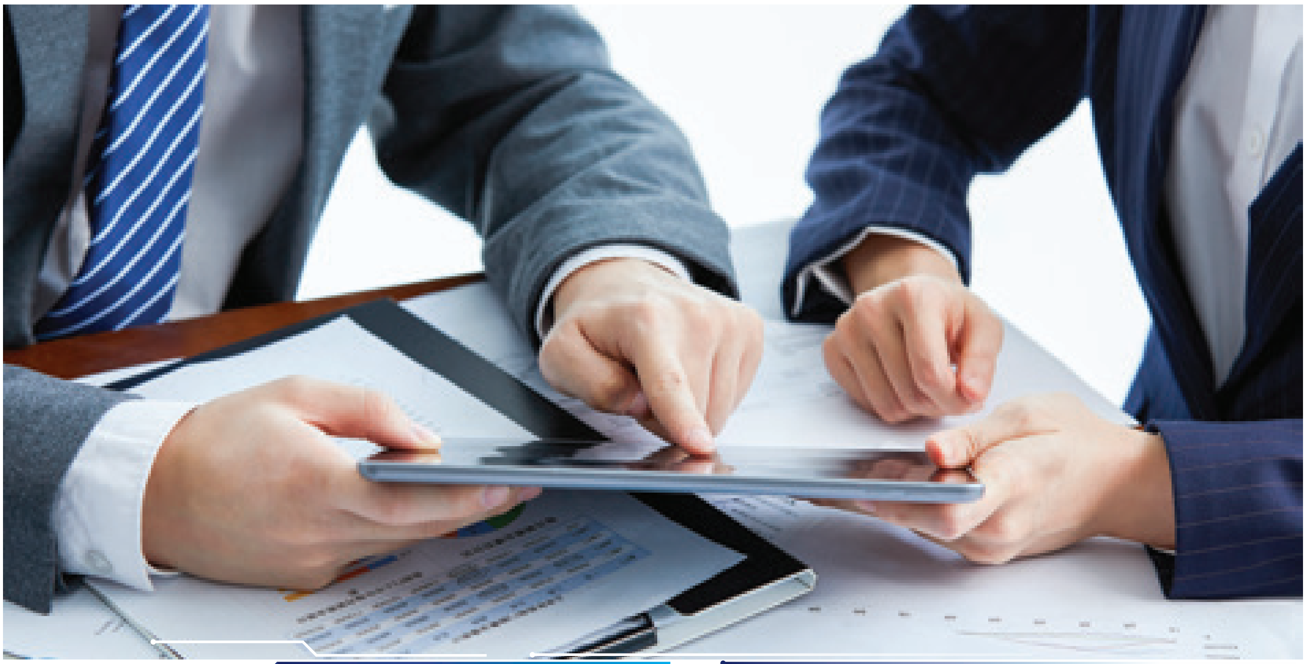
FINANCIAL HIGHLIGHTS



COMPREHENSIVE ADAPTATION TO THRIVE

As the global economy responds to the impact of unprecedented challenges, the need for agility and forward planning grows more pertinent. We believe that progress should be holistic and inclusive, and have outlined our way forward with our core values in mind and stakeholders at heart.

CHAIRMAN'S STATEMENT



We pushed forward with a strong focus on long-term sustainability and accelerated our transformation as we realigned our strengths to better position the Group for the future.

DEAR SHAREHOLDERS,

The financial year ended 30 June 2020 ("FY2020") was unprecedented with the global economy reeling from the COVID-19 pandemic. Our ongoing digitalisation initiatives from readying for Industry 4.0 were key to mitigating the challenges brought about by this pandemic. We pushed forward with a strong focus on long-term sustainability and accelerated our transformation as we realigned our strengths to better-position the Group for the future.

CHAIRMAN'S STATEMENT

In FY2020, Group revenue fell 17.66% to $276.41 million with top line growth from the Electrical Material Distribution, Test & Inspection segments and Switchboard segment but lower revenue contribution from the Cable & Wire segment.

Group profit for the year decline to $10.03 million by $1.96 million with gross profit margin increasing from 15.05% to 16.05%. This was due to the drop in copper prices during the period and lower deliveries for low margin infrastructure projects secured 2-3 years ago which are now completed.

Meanwhile, other operating income increased to $7.57 million due to higher fair value gain on derivatives instruments and fluctuation in US Dollar exchange rate towards year end.

Administrative and selling and distribution expenses for the periods fluctuated marginally despite reduction in business activities. The fluctuation was mainly due to the net impact from the adoption of SFRS(I) 16 *Leases* which resulted in higher depreciation charge and lower rental expenses, increased in staff costs as a result of increase in salaries and provision for unutilised leave.

Other operating expenses declined by $622,000 to $1.153 million mainly due to lower loss allowance for trade and other receivables of $1.014 million for the year.

Finance costs increased to $1.09 million mainly due to adoption of SFRS(I) *Leases*.

As a result of the above, the Group's profit attributable to shareholders amounted to $9.70 million.

On behalf of the Board of Directors, I would like to sincerely thank our business partners, staff and shareholders for their continued support especially in light of the events in FY2020.

As a symbol of our appreciation, the Board has recommended a final dividend of 0.75 cent per ordinary share, subject to approval at the upcoming annual general meeting.

Bobby Lim Chye Huat
Chairman

REPORT BY THE CHIEF EXECUTIVE OFFICER

For the financial year ended 30 June 2020 ("FY2020") the Group found itself accelerating its digitalization plans to overcome challenges arising from the COVID-19 pandemic. We prioritized preserving and improving our capabilities for the eventual upturn and ended the year with a presentable set of results.

Revenue from our Cable & Wire Segment fell by 29.38% to $154.91 million for FY2020 due to lower sales volume and a drop in copper prices. The circuit breaker measures has disrupted business activities during the COVID-19 pandemic, which contributed to the lower sales. Contribution from Singapore and Malaysia were lower as certain deliveries to the Infrastructure and Commercial & Residential sectors had already been completed. In Vietnam, demand from the Industrial Sector and Trading Sector softened, though this was partially offset by higher deliveries to the Infrastructure and Sector.

In contrast, the Electrical Material Distribution ("EMD") Segment improved by 4.74% to $84.72 million, driven by more revenue from the Electronic Cluster. The Test & Inspection ("T&I") Segment also improved, delivering $0.772 million more due to higher revenue from non-destructive testing and heat treatment in Singapore, Malaysia and Indonesia. T&I also reported higher demand for soil investigation and monitoring related work in Singapore. Meanwhile, the Switchboard Segment revenue also increase due to higher delivery to local infrastructure projects.

ACCELERATING DIGITAL TRANSFORMATION IN A CHALLENGING ENVIRONMENT

The advent of COVID-19 necessitated fundamental changes in our operations as new norms changed the way we communicate and work. We have come a long way since our incorporation in 1980 and were already evolving our business processes and culture in anticipation for Industry 4.0. It was these foundations in digital transformation that enabled us to mitigate the challenges of COVID-19 and step further toward our goal of being future-ready.

In FY2019, our Operations, Information Technology and Human Resources departments combined efforts to digitalize our data, apply technological solutions and train staff to capitalize on new tools. In FY2020, we further developed these solutions to overcome safe distancing limitations such as the need to work from home and physical distancing. This gave rise to new innovations such as e-reports, e-signatories and e-payments - key tools that gave us an edge as communications amongst staff and customers shifted to a more online setting.

In tandem with overcoming physical limitations, we embarked on a multi-disciplinary skills initiative for our personnel to build familiarity and mastery of the new systems. Sales staff ramped up digital sales and marketing skills while operations staff focused on providing a seamless experience for functions such as locating products and payment. The management in turn focused on market intelligence and staff engagement. Additional protocols were also put in place to manage staff physical and mental health to help them cope with the sudden changes.

REPORT BY THE CHIEF EXECUTIVE OFFICER

BUILDING ON OUR DIGITALISATION MOMENTUM

As we revolutionize our processes and people, we continued to explore new avenues to stay at the forefront of the industry. Work is already underway to evaluate and implement new businesses that employ cutting edge technologies in innovative ways such as the use of drones for monitoring of construction, marine and oil rig activities. We also continued to pioneer solutions for existing businesses such as steel fibre reinforcement concrete testing to support the upcoming projects.

Our strengthening of capabilities is accompanied by our growing presence online. Our webstore, electgo.com, saw the number of visitors double and recorded notable sales growth due to our growing focus on content marketing where we provide educational content. Site analytics has shown that users spend more time on our site to learn more about our products and the company. In an increasingly online world, we recognise the need to strengthen our presence in the virtual space to appeal across demographics.

To date, countries across the globe are still grappling with the virus with varying degrees of success. Singapore entered a deeper recession in its second quarter of 2020 and the Ministry of Trade and Industry has forecasted that the economy will shrink by 5 to 7 per cent for the year.[1] Meanwhile, the International Monetary Fund projects that the global economy will shrink by 4.9 per cent for 2020 and cautions of a higher-than-usual degree of uncertainty.[2 3]

For Tai Sin, FY2020 has been a stark reminder of the need to continue innovating and evolving. We are fortunate to have the people, assets and positioning to bring us this far, and look forward to forging ahead in the coming financial year.

Lim Boon Hock Bernard
Chief Executive Officer

1 https://www.straitstimes.com/business/economy/singapore-lowers-2020-gdp-forecast-to-between-5-and-7-as-economy-plunges-worse-than
2 https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020
3 https://www.businesstimes.com.sg/opinion/the-impact-of-covid-19-on-the-financial-system

CORPORATE SOCIAL RESPONSIBILITY

Tai Sin continues to participate actively in community-involvement events to give back to the society. Through these programmes, our employees were given an avenue to play a larger role in society and extend helping hands to the needy.

While the circuit-breaker measures and safe-distancing requirements have limited our activities during the COVID-19 pandemic, we managed to take part in numerous events.

For instance in early 2020, we participated in the WeCare @ North West project organised jointly by the North West CDC community and corporate partners. The project aimed to bring festive cheer to under-priveleged residents living in North West District’s rental blocks.

Over 60 volunteers were mobilised from our various subsidiaries which includes Tai Sin Electric, Lim Kim Hai Electric, LKH Precicon, LKH Projects Distribution and CAST Laboratories. Together with students and staff volunteers from Admiralty Secondary school, we packed and distributed CNY goodie bags to low-income families at Woodlands Rise. The event was also honoured by the presence of Dr Teo Ho Pin and Minister Khaw Boon Wan who graced the event.

As we continue to pursue growth and transformation for Tai Sin, we endeavour to explore further means to give back to the society and play our part in improving the communities around us.

YELLOW RIBBON PRISON RUN

RDA WHEELATHORNE


WE CARE @ NORTHWEST



BOARD OF DIRECTORS

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT

PBM BBM KStJ
Chairman, Non-Executive and Non-Independent Director

Date of Appointment as Director
- October 1997 as Managing Director
- July 2013 as Executive Director
- July 2016 as Non-Executive and Non-Independent Director
- November 2018 as Non-Executive and Non-Independent Chairman

Length of Service as Director
- 23 years

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

Academic & Professional Qualifications
- Honorary Fellow of Singapore Institute of Engineering Technologies
- Fellow of the Chartered Management Institute, United Kingdom

Present Directorships in Listed Companies
- Non-Executive and Independent Director, Hubline Berhad

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

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

LIM BOON HOCK BERNARD

Chief Executive Officer / Executive Director

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

Length of Service as Director
- 23 years

Board Committee Served On
- Nil

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

Present Directorships in Listed Companies
- Nil

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

Others
- Member of Electrical & Electronic Standards Committee (Enterprise Singapore)
- Member of Electrical, Electronic & Allied Industries Industry Group (Singapore Manufacturing Federation)

BOARD OF DIRECTORS

SOON BOON SIONG

Non-Executive and Lead Independent Director

Date of Appointment as Director
- November 2012 as Non-Executive and Independent Director
- November 2018 as Non-Executive and Lead Independent Director

Length of Service as Director
- 8 years

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

Academic & Professional Qualifications
- Degree in Business Administration, University of Singapore

Present Directorships in Listed Companies
- Nil

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

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

LEE FANG WEN

Non-Executive and Independent Director

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

Length of Service as Director
- 5 years

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

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

Present Directorships in Listed Companies
- Nil

Past Directorships in Listed Companies over the preceding three years
- Non-Executive and Independent Director, Asiatic Group (Holdings) Limited

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

BOARD OF DIRECTORS

RENNY YEO AH KIANG

PBM BBM
Non-Executive and Independent Director

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

Length of Service as Director
- 2 years

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

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

Present Directorships in Listed Companies
- Independent Director, Zicom Group Limited

Past Directorships in Listed Companies over the preceding three years
- Independent Chairman, Sin Heng Heavy Machinery Limited
- Non-Executive and Lead Independent Director, OEL Holdings Ltd

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

MANAGEMENT TEAM

CORPORATE

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

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

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

CABLE & WIRE (C&W) SEGMENT

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

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

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

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

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

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

TEH CHOON KONG
General Director
Tai Sin Electric Cables (VN) Co Ltd
Deputy General Director;
Lim Kim Hai Electric (VN) Co Ltd
Join Since: 2003

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

SWITCHBOARD (SB) SEGMENT

NG SHU GOON TONY
Managing Director;
PKS Sdn Bhd
Join Since: 1989

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

ELECTRICAL MATERIAL DISTRIBUTION (EMD) SEGMENT

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

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

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

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

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

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

TEST & INSPECTION (T&I) SEGMENT

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

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

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

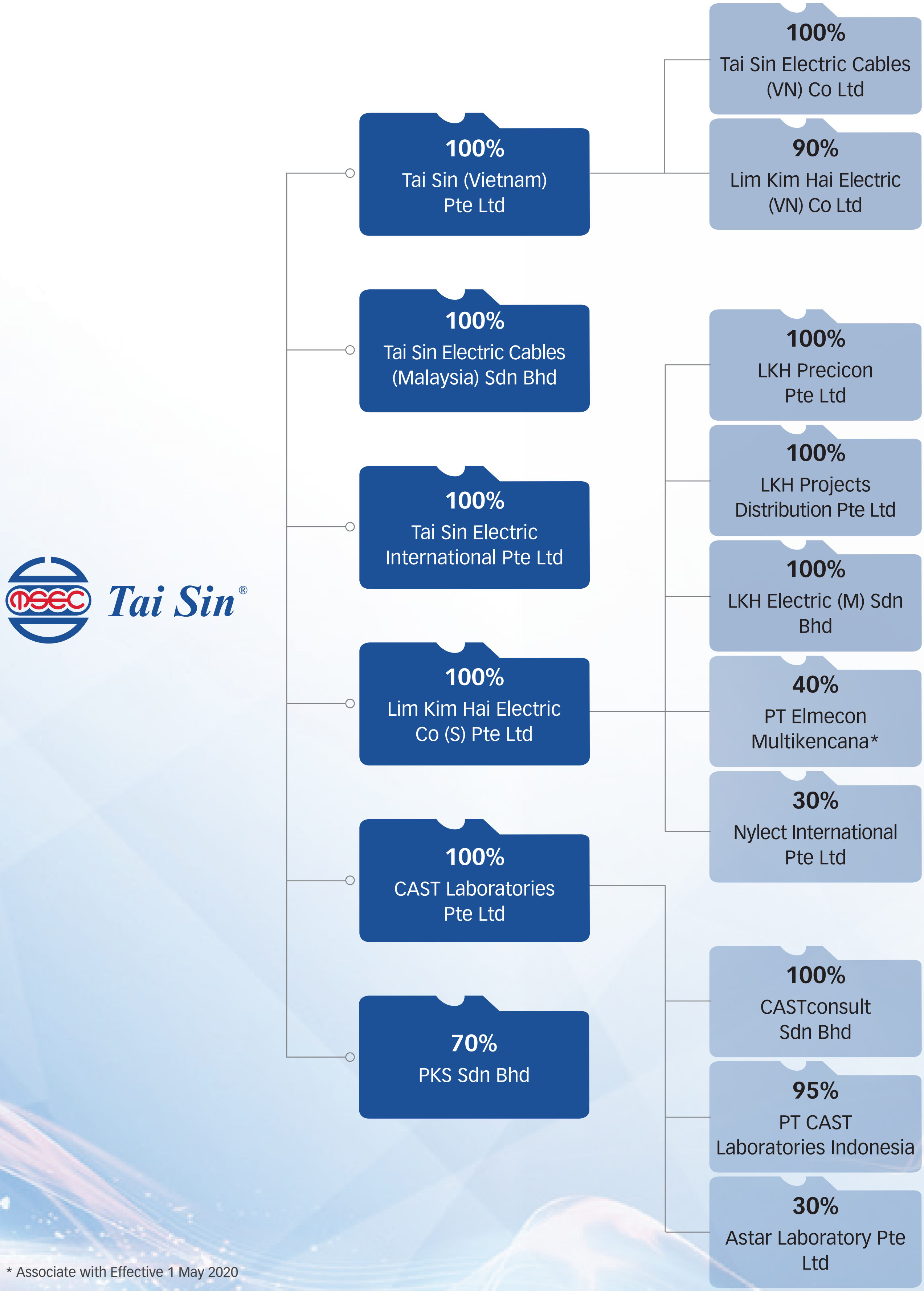
TAN BEE YONG
General Manager – Finance & Administration;
CAST Laboratories Pte Ltd
Join Since: 2010

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

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

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

CORPORATE STRUCTURE



* Associate with Effective 1 May 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Soon Boon Siong
Non-Executive and Lead Independent Director

Lee Fang Wen
Non-Executive and Independent Director

Renny Yeo Ah Kiang
Non-Executive and Independent Director

AUDIT AND RISK COMMITTEE

Soon Boon Siong
Chairman

Lee Fang Wen
Renny Yeo Ah Kiang
Lim Chye Huat @ Bobby Lim Chye Huat

NOMINATING COMMITTEE

Renny Yeo Ah Kiang
Chairman

Lee Fang Wen
Soon Boon Siong
Lim Chye Huat @ Bobby Lim Chye Huat

REMUNERATION COMMITTEE

Lee Fang Wen
Chairman

Soon Boon Siong
Renny Yeo Ah Kiang
Lim Chye Huat @ Bobby Lim Chye Huat

SECRETARY

Tan Shou Chieh

COMPANY REGISTRATION NUMBER

198000057W

REGISTERED OFFICE

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

SHARE REGISTRARS & SHARE TRANSFER OFFICE

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

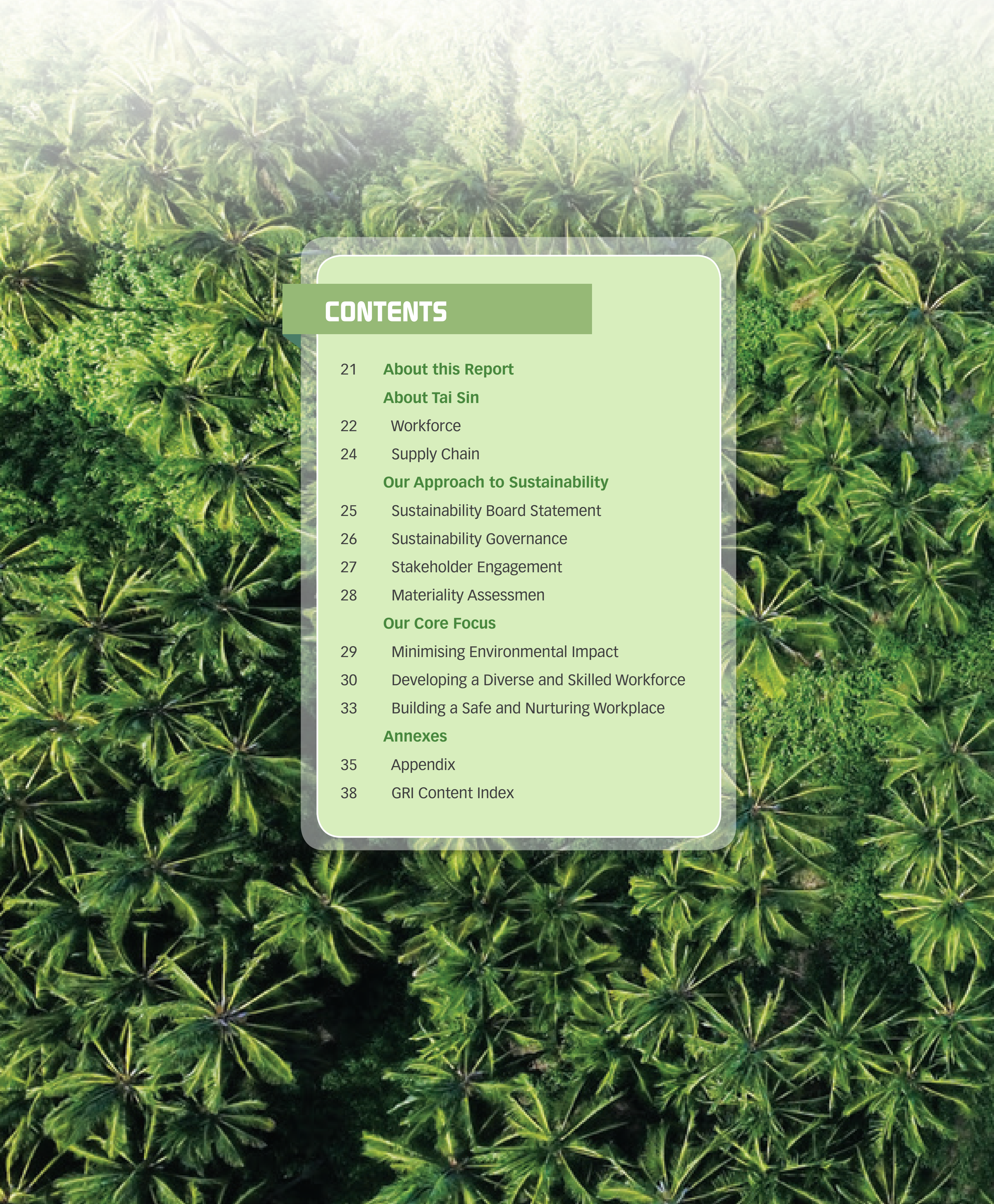
AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-In-Charge:
Rankin Brandt Yeo
Appointed for the year ended 30 June 2020

PRINCIPAL BANKERS

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

SUSTAINABILITY REPORT FY20



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ABOUT THIS REPORT

GRI 102-1 | 102-3 | 102-45 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54

This is the annual sustainability reporting done by Tai Sin Electric Limited Group of Companies ("Tai Sin" or the "Group"). It covers the sustainability performance of our operations in Singapore, where Tai Sin is headquartered, for the Financial Year 2020 ("FY2020"), from July 2019 to June 2020.

This Sustainability Report ("SR") has been developed in accordance with the Global Reporting Initiative ("GRI") Standards, which were selected for its comparability and credibility. This report also adheres to the primary components set out in the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rules 711A and 711B on a "comply or explain" basis.

This SR highlights the key sustainability achievements and strategies adopted by the Group in FY2020, demonstrating the Group's continued commitment to creating long-lasting value for its esteemed stakeholders and moving towards a more sustainable future.

All data and activities in this report cover the reporting period of FY2020, unless stated otherwise. The Group has not obtained any independent assurance of the information provided this year. However, the Group is still devoted to improving its sustainability reporting process and following the GRI Standards and SGX-ST requirements.

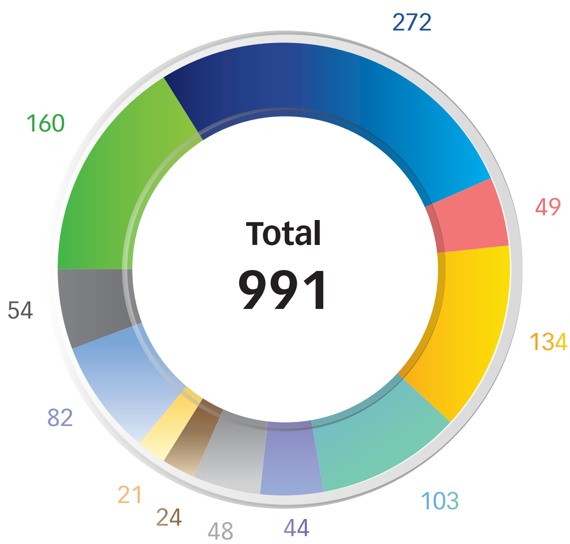
We are dedicated to understanding any concerns from our stakeholders, and we welcome your feedback on our SR and any aspect of our performance. Please address all feedback to ir@taisin.com.sg

ABOUT TAI SIN WORKFORCE

GRI 102-7 | 102-8

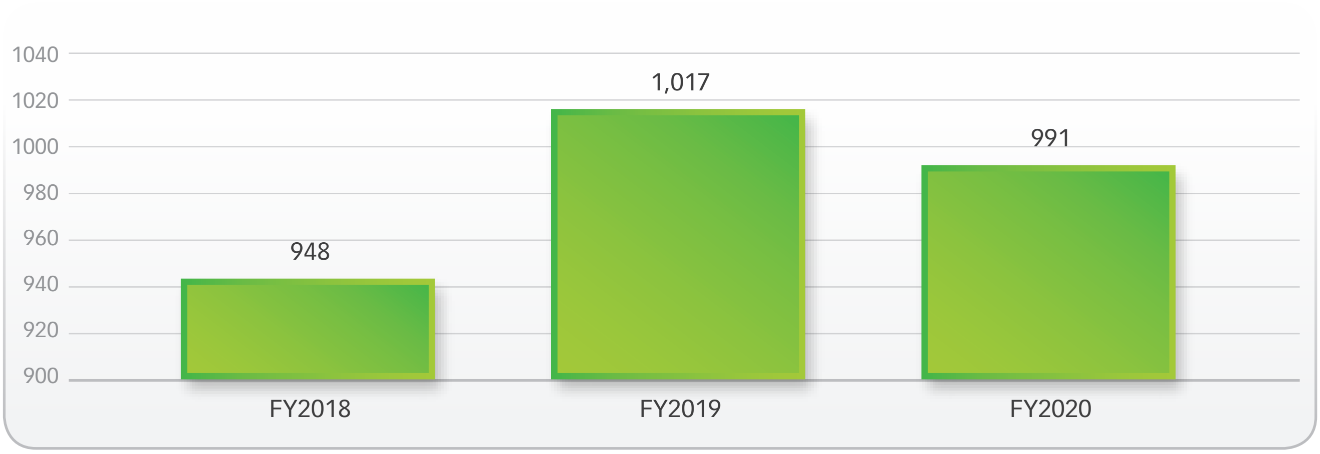
Total Employees By Company

- CAST Laboratories Pte Ltd - 272
- CAST Laboratories Pte Ltd (Branches)* - 49
- CASTConsult Sdn Bhd - 134
- Lim Kim Hai Electric Co (S) Pte Ltd - 103
- Lim Kim Hai Electric (VN) Co Ltd - 44
- LKH Precicon Pte Ltd - 48
- LKH Projects Distribution Pte Lt - 24
- PT CAST Laboratories Indonesia - 21
- Tai Sin Electric Cables (Malaysia) Sdn Bhd - 82
- Tai Sin Electric Cables (VN) Co Ltd - 54
- Tai Sin Electric Limited - 160



** Branches in Cambodia, Myanmar & The Philippines.*

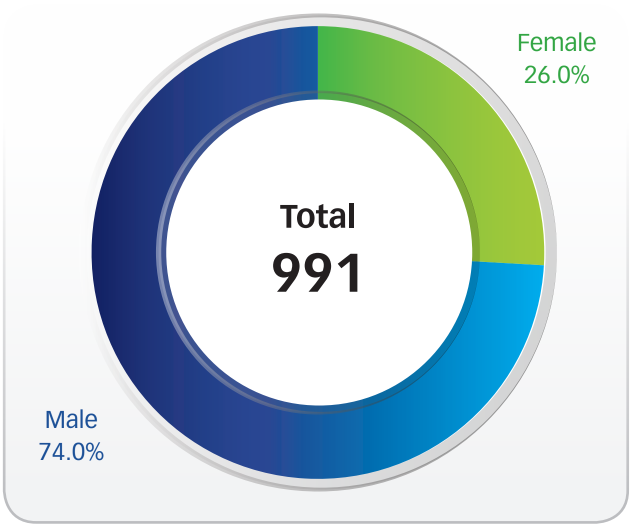
Total Employees across a 3-Year Period

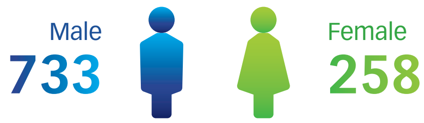


As of 30 June 2020, we have a total of 991 employees across our local and overseas regions. Even though there is a slight decrease in the total number of employees compared to the last financial year, there has not been any significant reorganisation that led to this reduction in jobs.

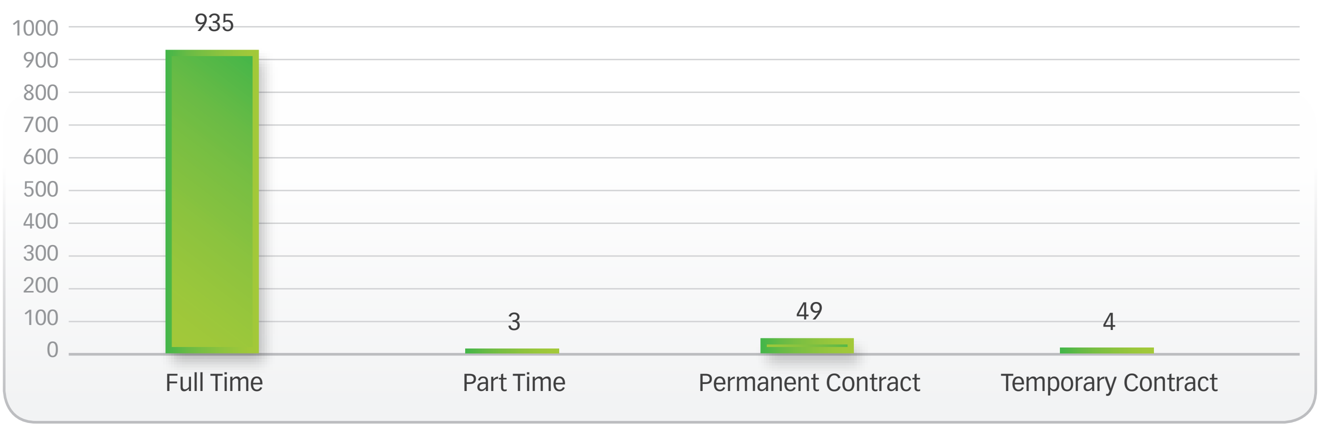
WORKFORCE
GRI 102-7 | 102-8

Total Employees by Gender

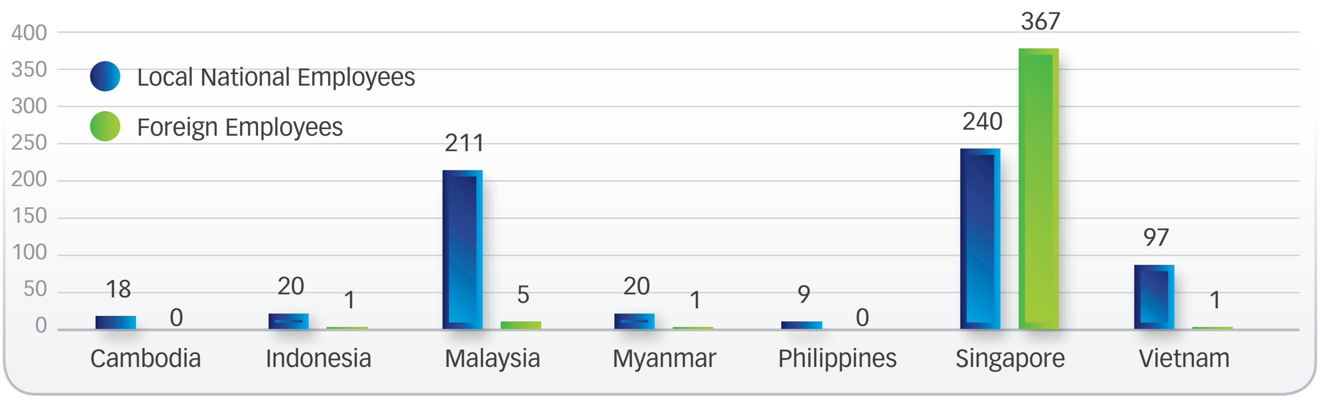




Total Employees by Employment Type



Total Employees by Country



**Note: The above charts represent employee data from local and overseas operations of the group for FY2020. Please see the Appendix on page 35 for more detailed data on employee information.*

SUPPLY CHAIN

GRI 102-9

Cable & Wire Segment

This segment focuses on the production and distribution of high-quality low-voltage cable to serve the infrastructure, commercial, residential and industrial sectors.

- Acquire raw materials, such as copper, PVC, etc.
- Process raw materials through the manufacturing plants
- Sell finished products to contractors, dealers and wholesalers

Electrical Material Distribution Segment

This segment focuses on the supply of products and services, such as maintenance, repair, operations and application needs, for a wide range of industries which include Original Equipment Manufacturer ("OEM"), manufacturing, infrastructure, etc.

- Buy products from manufacturers and store in warehouses
- Promote products through different channels, such as online, personal selling or roadshows
- Sell products to customers, such as end-users, OEM, contractors and system integrators

Test & Inspection Segment

This segment focuses on the delivery of independent testing, inspection and certification services that meet local and international standards.

- Test at on-site and in-house laboratories
- Generate test reports
- Serve contractors, engineers and consultants

OUR APPROACH TO SUSTAINABILITY
SUSTAINABILITY BOARD STATEMENT

GRI 102-14

Dear Stakeholders,

Marking the third year of the Group's sustainability reporting journey, this sustainability report showcases our accomplishments and initiatives in FY2020. To achieve the steady and sustainable success of the Group, we have strengthened our efforts to address our Environmental, Social and Governance ("ESG") material issues, as we believe that they are closely intertwined with our business continuity.

Maintaining a Strong ESG Focus

ENVIRONMENT

We are devoted to fully comply with all relevant laws and regulations of our business operations and carry a strong responsibility to manage our business in an environmentally-conscious manner. We have adopted ISO 14001:2019 (Environment Management Systems) in all manufacturing facilities across our business operations. We also follow a four-step management method (known as The Deming Cycle, "Plan-Do-Check-Act") to continuously seek out actual and potential environmental impacts, as well as identify areas of improvement to reduce our energy consumption.

We have also implemented the latest technology of Industry 4.0 and Internet of Things ("IoT") towards smart manufacturing to enhance our operational efficiency. Besides Industry 4.0 and IoT, we have also installed sensor, controllers and human machine interfaces to our machines, which ease the recording of machine data for analysis and refinement. Due to these factors, we achieved a 34% increase in productivity in FY2020 compared to FY2018.

SOCIAL

In a rapidly progressing era, we recognise the significance of training and growing the capabilities of our employees and have consistently invested in professional development initiatives to support all of our employees, including the management staff. This year, our average training hours per employee have reached 12.9 hours, the slowdown in training was mainly due to the COVID-19 pandemic disrupting our training plans. Despite the slowdown in training, Tai Sin Electric has achieved the SkillsFuture Employer Awards 2020. We believe that learning is a never-ending commitment and encourage our employees to continue in their journey of professional and personal development.

We also strive to create a safe and nurturing working environment for our employees, enabling them to perform efficiently and productively. The bizSAFE standards by the Workplace Safety and Health ("WSH") Council Singapore are followed closely in all our local operations, with 2 companies awarded the bizSAFE STAR certification and 3 companies awarded the bizSAFE Level 3 certification. Through the bizSAFE programme, we have improved our WSH capabilities with a reduction in the injury rate from 647 per 100,000 employees in the last financial year to 494 per 100,000 employees this year. Our occupational disease rate has also remained at zero in FY2020.

GOVERNANCE

On the governance aspect, we are committed to operating at the highest standards of ethical and responsible corporate governance. To ensure full compliance with all relevant laws and regulations, we have put in place several committees devoted to maintaining accountability, integrity and transparency for all our operations. We believe that the approach of integrating sustainability into our business strategy is instrumental in creating value for all our stakeholders and maintaining long-term success for our business.

Looking Towards the Future

The Group has performed well in the ESG areas and will continue to place a strong emphasis on the integration of sustainability into the business operations. In the current times of uncertainty, embracing sustainability is now immensely critical to allow quicker responses against difficult and complex problems. Hence, the Group will remain committed and vigilant to continuously monitor and report on the sustainability risks and opportunities most applicable to our business, as well as seek out mechanisms about improving our sustainability initiatives.

SUSTAINABILITY GOVERNANCE

GOVERNANCE STRUCTURE

GRI 102-18

Sustainability is governed across various levels in our organisation, and our senior management is in charge of spurring proper governance of our environmental and social performance at each level. They are also responsible for conveying the sustainability performance and progress of the operations within The Group directly to the Board of Directors to ensure that our business objectives are aligned with the sustainability targets and agenda.

MEMBERSHIPS AND EXTERNAL CHARTERS

GRI 102-12 | 102-13

WE ARE MEMBERS IN THE FOLLOWING ORGANISATIONS:

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

THE INITIATIVES DONE BY OUR ENTITIES IN SINGAPORE ARE AS FOLLOWS:

- Tai Sin Electric Limited: *ISO 9001, ISO 14001, ISO 45001, BizSafe Star, 5s*
- CAST Laboratories Pte Ltd: *ISO 14001, OHSAS 18001, BizSafe Star*
- Lim Kim Hai Electric Co (S) Pte Ltd: *ISO 9001, BizSafe Level 3*
- LKH Projects Distribution Pte Ltd: *ISO 9001, BizSafe Level 3*
- LKH Precicon Pte Ltd: *ISO 9001, BizSafe Level 3*

STAKEHOLDER ENGAGEMENT

GRI 102-40 | 102-41 | 102-42 | 102-43 | 102-44

At Tai Sin, we understand the critical role our stakeholders play in shaping and guiding our sustainability journey. We maintain regular engagement with our stakeholders to identify their most pressing concerns and shifts in priorities thus allowing us to keep our business closely aligned with the objectives of our stakeholders and evaluate the strategies on our material issues.

We believe that regular stakeholder engagement is vital and effective in making short-term decisions and achieving long-term goals. We also encourage honest feedback from our stakeholders to foster deeper trust and strengthen our relationship through constant and enhanced communication

Stakeholder Groups	Engagement Platforms	Engagement Frequency	Concerns Raised	Our Response
Investors	• Annual General Meeting • Half yearly Financial Results Announcement • Annual Reports • Company Website	• Annually / Periodically (depending on the engagement platform)	• Economic Performance • Environmental Compliance • Socioeconomic Compliance	• Be transparent with its investors on our activities through the publication of our annual reports and sustainability reports • Maintain regular communication
Suppliers	• Meetings to review sales programmes and performance	• Monthly	• Economic Performance • Materials • Procurement Practice	• Provide proper training and education • Form lasting relationships through effective communication
Customers	• Email updates • Formal/informal communication through phone or face-to-face	• Periodically	• Customer Health and Safety • Energy • Marketing and Labelling	• Achieve a high customer satisfactory standard • Produce products and services with high-quality assurance
Regulators	• Minimal engagement	• Periodically	• Employment • Environmental Compliance • Occupational Health and Safety	• Ensure a high commitment to comply with all existing regulations
Management	• Formal/informal meetings/emails/ conference calls (overseas)	• Periodically	• Economic Performance • Employment • Labour / Management Relations	• Hold a strong commitment to achieve business excellence and deliver products and services sustainably • Promote a culture of open dialogue and clear communication
Employees	• Regular dialogue sessions with management • Recreational activities • CSR programme	• Periodically	• Employment • Market Presence • Occupational Health and Safety	• Provide opportunities for talent development • Ensure close alignment to the Employment Act by the Ministry of Manpower, as well as our HR policies

MATERIALITY ASSESSMENT

GRI 102-46 | 102-47 | 103-01

We created the content and aspect boundaries of this report following the GRI Reporting Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness.

1. Current State Assessment
Performed peer benchmarking to determine material topics that commonly reported across the industry and peer

2. Stakeholder Engagement Workshop
Conducted the stakeholder engagement workshop with the respective stakeholders from various business divisions in FY2018 to identify material topics for Tai Sin

3. Materiality Assessment
Conducted the materiality assessment discussion with the management team to prioritise the identified material topics for Tai Sin

4. Annual Review
Performed a review and assess the relevancy of the existing material topics with the management team on an annual basis

For FY2020, there is no expansion in the number of material aspects compared to the previous year.

Material Aspects and Indicators Identified

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

OUR CORE FOCUS
MINIMISING ENVIRONMENTAL IMPACT
GRI 103-1 | 103-2| 103-3 | 307-1

We are committed to minimising our environmental impact and doing our part for the fight against climate change. Besides understanding the importance of compliance with environmental laws and regulations, we also strive to ensure that our business operations do not result in any negative impact on the environment.

Mosquito Oil Spraying	Daily Environmental Safety and Good Practices Briefing	Immediate Disposal of Slurry Water
Monthly Mosquito Fogging	**Our Key Measures**	Oil Waste Disposed Of by a Licensed Contractor
Regular Worksite Housekeeping	Regular On-site Inspection	Annual Check on Boundary Environmental Noise Level

With the implementation of these key measures in our business operations, the detrimental impact towards the environment will be minimised. This will provide Tai Sin with long-term financial benefits and open up opportunities for growth and improvement on our environmental management strategies to further reduce our environmental impact.

Indicator	FY2020 Targets set in FY2019	FY2020 Performance	FY2020 Targets Attained
Total Monetary Value of Significant Fines*	Zero	Zero	✓
Incidents of Non-Compliance with Environmental Laws and Regulations	Zero	Zero	✓

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

FY2021 Target

We aim to maintain our track record of zero incidents of non-compliance with environmental laws and regulations in the coming financial year and search for ways to improve on our environmental management strategies.

DEVELOPING A DIVERSE AND SKILLED WORKFORCE

GRI 103-1 | 103-2 | 103-3 | 401-1

Our people are the most valuable intangible asset to the Group, contributing immensely to our sustainable and lasting success. Every employee brings a set of skills and qualities to the table. The cumulative knowledge, expertise and experience of our workforce are all critical in determining our progress and success in the future. We treat our employees as part of our family. We hope to make them feel a sense of pride working here at Tai Sin and promote our culture of diversity and inclusivity to boost our productivity and improve our retention rate.

We share a similar ideology with the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) and follow closely to the five principles of their Guidelines on Fair Employment Practices, which encourage companies to treat employees fairly in a holistic manner.

Five Principles of the Tripartite Guidelines on Fair Employment Practices

Reward Fairly

Reward employees based on their ability, performance, contibution and experience.

Reward Based on Merit

Recruit employees based on merit (such as skills and experience), regardless of age, race, gender, religion, martial status and family responsibilities, or disability.

Comply with Labour Laws

Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices

Provide Fair Opportunities

Provide employees with fair opportunities to be considered for training and development.

Respect Employees

Treat employees with respect and implement progressive human resource management systems.

Source: https://www.tal.sg/tafep/getting-started/fair/tripartite-guidelines

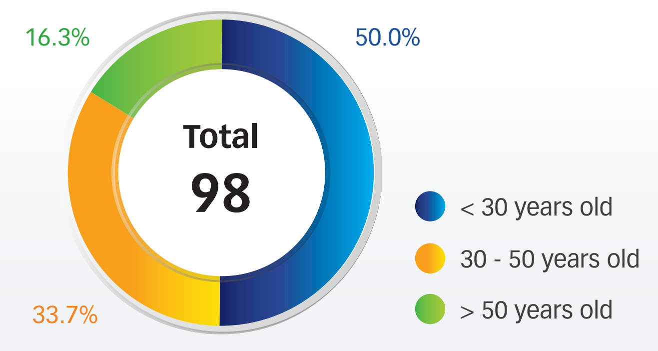
Age management and work-life balance are also taken seriously at Tai Sin, and we strive to create a culture of inclusion for mature employees and assist our employees in attaining both their professional and personal goals. Besides the Tripartite Guidelines, we also abide strictly to the Employment Act under the Ministry of Manpower ("MOM") and design our Human Resource ("HR") policies to be aligned with it to ensure that all our employees receive proper and just treatment.

DEVELOPING A DIVERSE AND SKILLED WORKFORCE

GRI 103-1 | 103-2 | 103-3 | 401-1

FY2020 Performance

New Hires by Age Group



Male 75 Female 23

Below 30 years old	Between 30 - 50 years old	Above 50 years old
Male: 36 (36.7%) Female: 13 (13.3%)	Male: 28 (28.6%) Female: 5 (5.1%)	Male: 11 (11.2%) Female: 5 (5.1%)

New Hires by Age Group (classified by Company)

Age Group	CLPL	LKHE	LKHP	LKHPD	TSE
< 30	28	2	4	2	13
30 - 50	24	4	2	1	2
> 50	10	1	0	0	5

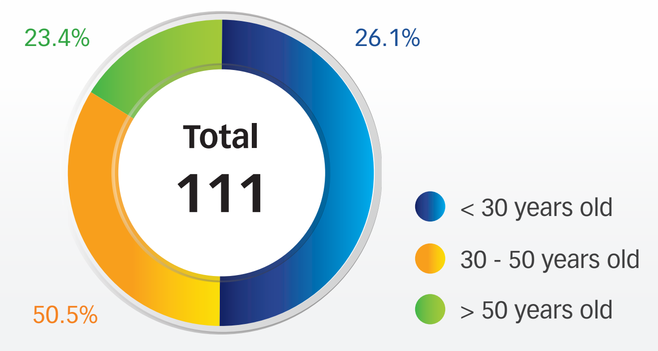
New Hires by Gender (classified by Company)

Gender	CLPL	LKHE	LKHP	LKHPD	TSE
Male	54	3	3	2	13
Female	8	4	3	1	7

New Hires by Nationality (classified by Company)

Region	CLPL	LKHE	LKHP	LKHPD	TSE
Singapore	5	4	3	1	12
Malaysia	17	3	3	1	5
Others	40	0	0	1	3

Turnover by Age Group



Male 92 Female 19

Below 30 years old	Between 30 - 50 years old	Above 50 years old
Male: 22 (19.8%) Female: 7 (6.3%)	Male: 54 (48.6%) Female: 2 (1.8%)	Male: 16 (14.4%) Female: 10 (9.0%)

**Please see the Appendix on page 36 for more detailed data on new hires*

Turnover by Age Group (classified by Company)

Age Group	CLPL	LKHE	LKHP	LKHPD	TSE
< 30	15	3	3	0	8
30 - 50	45	1	0	0	10
> 50	11	4	0	2	9

Turnover by Gender (classified by Company)

Gender	CLPL	LKHE	LKHP	LKHPD	TSE
Male	65	4	2	2	19
Female	6	4	1	0	8

Turnover by Nationality (classified by Company)

Region	CLPL	LKHE	LKHP	LKHPD	TSE
Singapore	8	6	1	2	11
Malaysia	25	2	0	0	8
Others	38	0	2	0	8

Legend: Lim Kim Hai Electric Co (S) Pte Ltd - LKHE
LKH Precicon Pte Ltd - LKHP
LKH Projects Distribution Pte Ltd - LKHPD
Tai Sin Electric Limited - TSE
CAST Laboratories Pte Ltd - CLPL

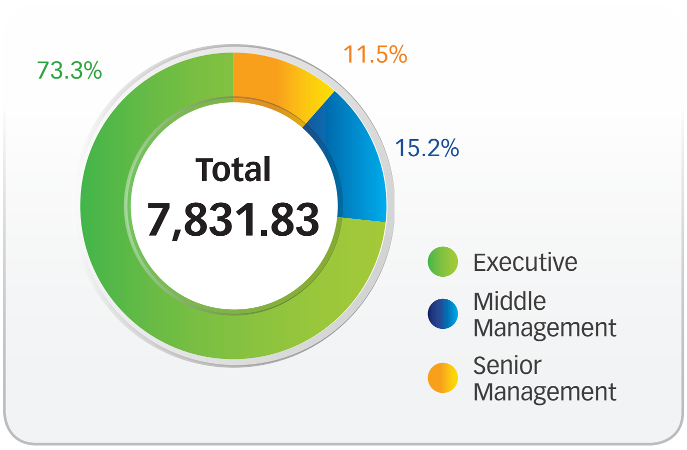
DEVELOPING A DIVERSE AND SKILLED WORKFORCE

GRI 103-1 | 103-2 | 103-3 | 404-1

Beyond creating a diverse and inclusive workforce, we also invest significantly in training and equipping our employees with relevant skills and qualities to master their areas of expertise and cope with future challenges. At Tai Sin, we emphasize lifelong learning and encourage all our employees to join competency and skill upgrading programmes. Together with Singapore Polytechnic, we have conducted training needs analysis to identify critical skills gaps at both department and individual level, and developed a comprehensive competency roadmap aligned to the company's Industry 4.0 Transformation Roadmap. We also organise our internal talent development programmes to foster a culture of learning and enhance their professional and personal development.

FY2020 Performance

Total Training Hours by Employee Category



Average Training Hours per Employee

12.9

Male 12.0

Female 15.4

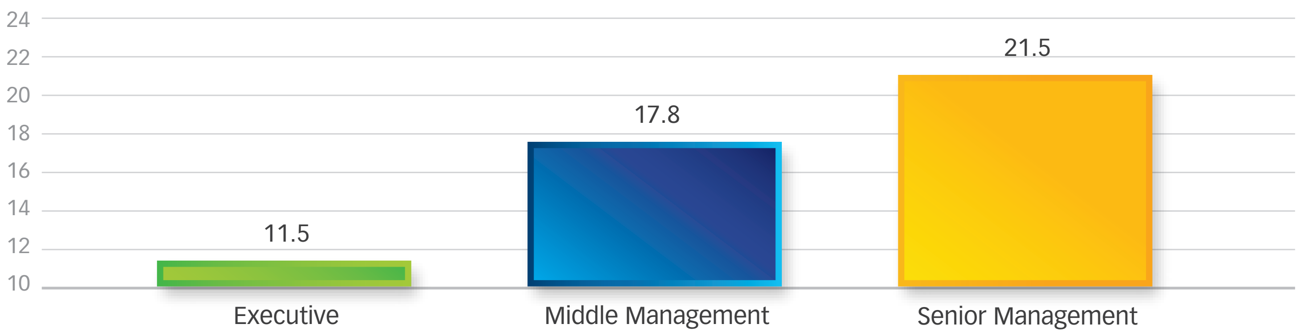
Average Training Hours by Employee Category

Executive	Middle Management	Senior Management
Male: 10.4 Hours Female: 14.5 Hours	Male: 16.9 Hours Female: 19.7 Hours	Male: 22.0 Hours Female: 18.3 Hours

**Please see the Appendix on page 37 for more detailed data on training hour.*

In FY2020, the average training hours per employee is 12.9, which is lower compared to 18.0 in FY2019. The drop in training hours was mainly due to the COVID-19 pandemic which has disrupted the training plans. All training and development will resume when the situation improves.

Average Training Hours by Employee Category



At Tai Sin, as our employees develop their career paths and start to hold managerial positions, we hope to raise their competency level by providing more training and development opportunities. In FY2020, we have also been awarded the SkillsFuture Employer Award 2020.

FY2021 Target

We aim to improve our average training hours and hence set our target at an average of 15 hours per employee for the coming year. We hope to achieve it by organising more training and development programmes and setting up an On-The-Job Training Centre to develop customised training content for upgrading our employees.

BUILDING A SAFE AND NURTURING WORKPLACE

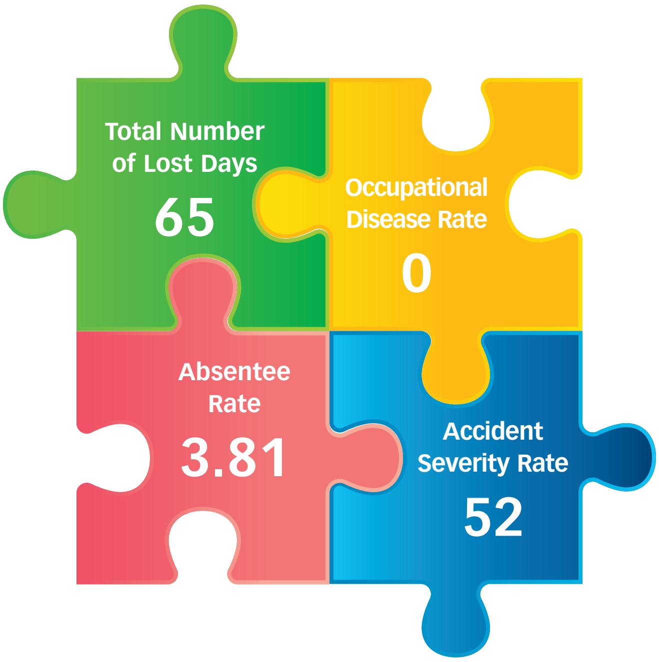
GRI 103-1 | 103-2 | 103-3 | 403-2

At Tai Sin, we are responsible for our employees' health and safety at the workplace and hope to create a positive work environment to thrive and succeed in their daily tasks. The physical and mental well-being of our employees is linked to their ability to deliver excellent results at work and is thus highly crucial to our success.

As safety is embedded in our workplace culture, our employees are actively cautioned not to work under dangerous or hazardous conditions and promptly inform our workplace safety officer about them. The workplace safety officer is also obligated to conduct an occupational health and safety audit across all our operations and provide recommendations on risk mitigation initiatives to identify potential hazards and manage risks at the workplace.

Also, we conduct a quarterly review of the safety audit report to ensure that our operations keep abreast of the latest WSH regulations. Through our close alignment with the bizSAFE standards in all our local operations, we hope to continuously improve on our WSH capabilities and keep our injury rate as low as possible. Furthermore, on top of adhering to bizSAFE standards, we also comply with the ISO 45001:2018 (Occupational Health and Safety Management Systems) to minimise work-related accidents or diseases and keep our employees safe.

FY2020 Performance



Workplace Injury Rate across a 3-Year Period

Indicator	CLPL	LKHE	LKHP	LKHPD	TSE
Workplace Injury Rate in FY2020	0	971	0	0	1,250
Workplace Injury Rate in FY2019	0	0	0	0	2,395

Absentee Rate across a 3-Year Period

Indicator	CLPL	LKHE	LKHP	LKHPD	TSE
Absentee Rate in FY2020	1.40	3.77	0.25	0.43	9.52
Absentee Rate in FY2019	0.15	1.68	0.21	0.09	2.89

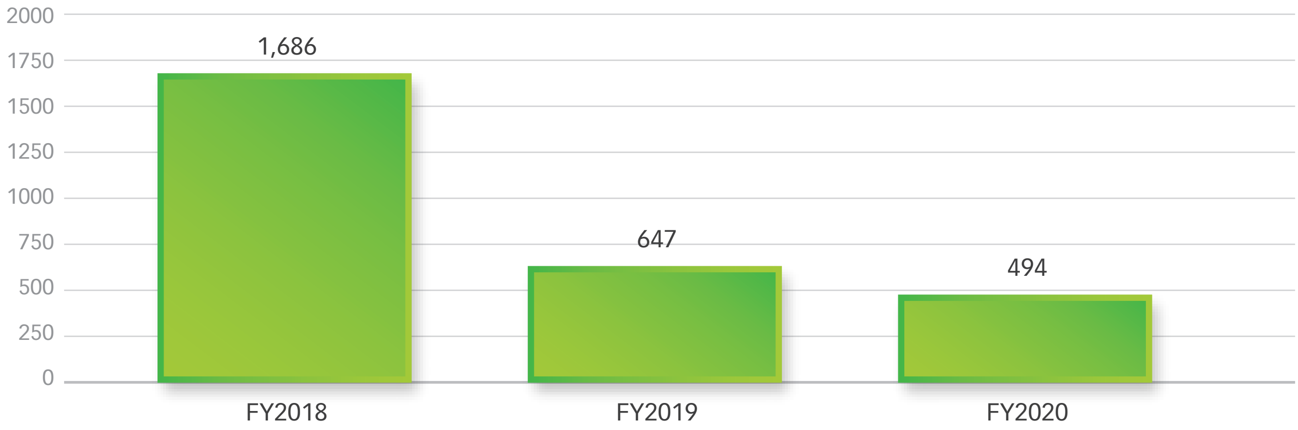
**Please see the Appendix on page 37 for more detailed data on occupational health and safety.*

Our total number of lost days has significantly decreased by 73%, from 245 in FY2019 to merely 65 in FY2020. Also, our occupational disease rate is maintained at zero for a second consecutive year.

BUILDING A SAFE AND NURTURING WORKPLACE

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

Workplace Injury Rate across a 3-Year Period



Furthermore, our workplace injury rate had a steady decline across 3 years, dropping down from 1,686 per 100,000 to 494 per 100,000 employees in FY2020.

FY2021 Target

We aim to maintain our workplace injury rate below 500 per 100,000 employees and keep our total number of work-related fatalities at zero. Minimising our absentee rate and keeping it below 2% is another goal that we will continue striving towards for the coming financial year.

ANNXES
APPENDIX

EMPLOYEE INFORMATION – (GRI 102-8)					
People	CLPL	LKHE	LKHP	LKHPD	TSE
Total Employees by Gender					
Male	227	52	22	11	128
Female	45	51	26	13	32
Total Employees	272	103	48	24	160
Total Employees by Age Group					
< 30 years old	59	18	12	3	22
30-50 years old	166	39	24	18	88
> 50 years old	47	46	12	3	50
Total Employees by Employee Category					
Executive	232	82	36	17	131
Middle Management	23	15	7	5	17
Senior Management	17	6	5	2	12
Total Employees by Employee Type and Gender					
Full Time (Male)	219	37	22	11	116
Full Time (Female)	40	45	26	13	23
Part Time (Male)	0	1	0	0	0
Part Time (Female)	1	0	0	0	0
Permanent Contract (Male)	7	14	0	0	9
Permanent Contract (Female)	4	6	0	0	9
Temporary Contract (Male)	1	0	0	0	3
Temporary Contract (Female)	0	0	0	0	0
Total Employees by Employee Type and Nationality					
Full Time (SG)	36	67	32	18	36
Full Time (Others)	223	15	16	6	103
Part Time (SG)	1	1	0	0	0
Part Time (Others)	0	0	0	0	0
Permanent Contract (SG)	10	20	0	0	16
Permanent Contract (Others)	1	0	0	0	2
Temporary Contract (SG)	0	0	0	0	3
Temporary Contract (Others)	1	0	0	0	0

APPENDIX

EMPLOYMENT (GRI 401-1)					
People	CLPL	LKHE	LKHP	LKHPD	TSE
New Employee Hires by Age Group and Gender					
< 30 years old (Male)	23	1	2	1	9
< 30 years old (Female)	5	1	2	1	4
30-50 years old (Male)	23	1	1	1	2
30-50 years old (Female)	1	3	1	0	0
> 50 years old (Male)	8	1	0	0	2
> 50 years old (Female)	2	0	0	0	3
New Employee Hires by Age Group and Nationality					
< 30 years old (SG)	0	0	2	1	7
< 30 years old (Others)	28	2	2	1	6
30-50 years old (SG)	0	3	1	0	0
30-50 years old (Others)	24	1	1	1	2
> 50 years old (SG)	5	1	0	0	5
> 50 years old (Others)	5	0	0	0	0
New Employee Hires by Employment Type and Gender					
Full Time (Male)	50	2	3	2	9
Full Time (Female)	6	4	3	1	0
Part Time (Male)	0	1	0	0	0
Part Time (Female)	0	0	0	0	0
Permanent Contract (Male)	3	0	0	0	1
Permanent Contract (Female)	2	0	0	0	3
Temporary Contract (Male)	1	0	0	0	3
Temporary Contract (Female)	0	0	0	0	4
Employee Turnover by Age Group and Gender					
< 30 years old (Male)	14	2	2	0	4
< 30 years old (Female)	1	1	1	0	4
30-50 years old (Male)	43	1	0	0	10
30-50 years old (Female)	2	0	0	0	0
> 50 years old (Male)	8	1	0	2	5
> 50 years old (Female)	3	3	0	0	4

APPENDIX

People	CLPL	LKHE	LKHP	LKHPD	TSE
Employee Turnover by Age Group and Nationality					
< 30 years old (SG)	0	1	1	0	5
< 30 years old (Others)	15	2	2	0	3
30-50 years old (SG)	1	1	0	0	0
30-50 years old (Others)	44	0	0	0	10
> 50 years old (SG)	7	4	0	2	6
> 50 years old (Others)	4	0	0	0	3
Employee Turnover by Employment Type and Gender					
Full Time (Male)	64	4	2	2	17
Full Time (Female)	5	3	1	0	3
Part Time (Male)	0	0	0	0	0
Part Time (Female)	0	0	0	0	0
Permanent Contract (Male)	1	0	0	0	1
Permanent Contract (Female)	1	1	0	0	1
Temporary Contract (Male)	0	0	0	0	1
Temporary Contract (Female)	0	0	0	0	4
OCCUPATIONAL HEALTH AND SAFETY (GRI 403-2)					
Workplace Injury Rate (per 100,000 employees)	0	970.9	0	0	1,250.0
Occupational Disease Rate (per 100,000 employees)	0	0	0	0	0
Accident Severity Rate (per 1,000,000 working hours)	0	33.3	0	0	177.7
Absentee Rate (in percentage)	1.40	3.77	0.25	0.43	9.52
Number of Work-Related Fatality (in Count)	0	0	0	0	0
TRAINING AND EDUCATION (GRI 404-1)					
Average Training Hours by Gender					
Male	12.37	10.47	9.59	38.77	9.98
Female	13.59	20.60	5.46	25.65	13.36
Per Employee	12.57	15.49	7.35	31.67	10.66
Average Training Hours by Employment Category					
Executive	12.11	15.64	6.92	21.53	7.86
Middle Management	12.21	18.30	8.00	63.20	15.68
Senior Management	19.26	6.33	9.60	39.00	34.12

GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title		Page Reference and/or Explanation for Omissions
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	**Organisational Profile**		
	102-1	Name of the organisation	21
	102-2	Activities, brands, products, and services	4
	102-3	Location of headquarters	Corporate Directory
	102-4	Location of operations	Corporate Directory
	102-5	Ownership and legal form	78
	102-6	Markets served	145-149
	102-7	Scale of the organisation	18, 22, 70-72, and 145-149
	102-8	Information on employees and other workers	22 and 35
	102-9	Supply chain	24
	102-10	Significant changes to organisation and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	We also acknowledge the importance of reducing our enviromental impact by supporting the Precautionary Principle.
	102-12	External initiatives	26
	102-13	Membership of associations	26
	Strategy		
	102-14	Statement from senior decision-maker	25
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	1-3
	Governance		
	102-18	Governance Structure	26
	Stakeholder Engagement		
	102-40	List of stakeholder groups	27
	102-41	Collective bargaining agreements	26.47% (72 out of 272) are BATU union members for CAST Laboratories Pte Ltd
	102-42	Identifying and selecting stakeholders	27
	102-43	Approach to stakeholder engagement	27
	102-44	Key topics and concerns raised	27
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	21 and 118-126
	102-46	Defining report content and topic boundaries	21 and 28
	102-47	List all material topics	28
	102-48	Restatements of information	-
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	21
	102-51	Date of most recent report	Not applicable

GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title		Page Reference and/or Explanation for Omissions
GRI 102: General Disclosures 2016	102-52	Reporting cycle	21
	102-53	Contact point for questions regarding the report	21
	102-54	Claims of reporting in accordance with GRI Standards	21
	102-55	GRI content index	38-39
	102-56	External assurance	We are not seeking external assurance for this reporting period
TOPIC-SPECIFIC DISCLOSURES			
Economic Performance			
GRI 102: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	8-11 and 28 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	70-149
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28-29 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	307-1	Non-compliance with environmental laws and regulations	29
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28 and 30-31 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	30-31
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28 and 33-34 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	33-34
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28 and 32 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	32

CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Tai Sin Electric Limited (the "Company") is committed to high standards of corporate conduct in conformity with the Code of Corporate Governance dated 6 August 2018 (the "2018 Code") which is essential to protect the interests of the shareholders and enhance shareholders' value.

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

(a) Provision 11.4 - the provision in the Company's Constitution for absentia voting at general meetings of shareholders;

(b) Provision 11.5 - the publication of the Company's minutes of general meetings of shareholders on its corporate website; and

(c) Provision 11.6 - the provision of a corporate dividend policy.

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

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 Board of the Company comprises the following members:

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

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

<u>Non-Executive and Independent Directors</u>
Soon Boon Siong (Lead Independent Director)
Lee Fang Wen
Renny Yeo Ah Kiang

Roles of the Board *(Provision 1.1, Practice Guidance 1)*

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

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

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

(c) challenge Management and review its performance;

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

(e) appoint Key Personnel;

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

(g) assume responsibility for corporate governance; and

(h) ensure transparency and accountability to key stakeholder groups

CORPORATE GOVERNANCE

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

Directors' discharge of duties and responsibilities *(Provision 1.1)*

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Delegation of Authority to Board Committees *(Provision 1.3, 1.4)*

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

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

Meetings of Board and Board Committees *(Provision 1.5)*

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

During the financial year, the Board held four (4) meetings and the attendance of each Director at every board and committee meeting is as follows:-

	Board	Audit and Risk Committee ("ARC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Number of meetings held	**4**	**4**	**1**	**1**
Director	**Number of meetings attended**			
Lim Chye Huat @ Bobby Lim Chye Huat	4	4	1	1
Lim Boon Hock Bernard	4	N.A.	N.A.	N.A.
Soon Boon Siong	4	4	1	1
Lee Fang Wen	4	4	1	1
Renny Yeo Ah Kiang	4	4	1	1

Internal Guidelines Require Approval from Board *(Provision 1.3)*

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

CORPORATE GOVERNANCE

Director's Appointment and Training *(Provision 1.2)*

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

The Company has adopted a Board Development Policy in the year 2020. The Board recognizes the importance and value ongoing training and development and the need for each Director to take personal responsibility for this process. To facilitate ongoing training and development:

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

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

During the financial year 2020, Directors kept themselves abreast with regulatory changes, governance topics and other matters which assist them in their duties as Directors by attending courses or seminars.

Details of the courses attended with attendance hours totaling 16.5 hours are as follows:–

- SID - ACRA-SGX-SID Audit Committee Seminar 2020
- SID - Executive & Directors Remuneration
- SID - Navigating Through A Financial Fraud Investigation
- SID - Singapore Governance Transparency Index (SGTI)
- SGX-CGIO - Sustainability Reporting : Progress & Challenges

Access to Information *(Provision 1.6)*

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

Board Access to Management, the Company Secretary, and External Advisers *(Provision 1.7)*

Directors have separate and independent access to the Company's Management and the Company Secretary, and vice versa. Such access comes in the form of electronic mail, telecommunication and face-to-face meetings.

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

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.

Composition, Size of the Board and Independent Element of the Board *(Provision 2.1, 2.2, 2.3, Practice Guidance 2)*

The Board comprises five (5) Directors, one (1) of whom is executive, one (1) non-executive and non-independent and three (3) are non-executive and independent. This current size is sufficient to facilitate effective direction-setting and decision making needed by the Company.

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

CORPORATE GOVERNANCE

The Company complies with the Code's requirement for having a majority of the Board to be made up of Independent Directors, when the Chairman is not independent as he and the CEO are immediate family members. Three (3) of the five (5) Directors are non-executive and independent, namely, Mr. Soon Boon Siong, Mr. Lee Fang Wen and Mr. Renny Yeo Ah Kiang. The independence of each Director is reviewed and confirmed by the NC annually. None of them has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The NC is of view that the three (3) Non-Executive Directors are independent as defined in the Code as well as being independent in character and judgement. No individual or small group of individuals dominates the Board's decision-making process. The Board concurs with the views of the NC on the independence of these three (3) Directors.

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

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

Board Diversity *(Provision 2.4, Practice Guidance 2)*

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

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

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

The Company recognises and embraces the benefits of diversity of experience, age, skill, gender and ethnics on the Board ("Board Diversity"). Board Diversity supports the attainment of the Group's strategic objectives and its sustainable development. The Company has adopted a Board Diversity Policy in the year 2020, and embraced many aspects of diversity in the Current Board composition. The Board has not set targets or objectives in relation to other aspects of diversity such as age, gender, ethnicity and religion. The Board selects directors based on merit, taking into account the right blend of competencies, skills, industry knowledge and other qualities needed to complement other members of the Board. The Board considers its size and composition to be sufficiently diverse to foster independent constructive debate and avoid groupthink.

Non-Executive Directors *(Provision 2.5)*

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

Separate Role of Chairman and Group Chief Executive Officer ("CEO") *(Provision 3.1, 3.2, Practice Guidance 3)*

There is a clear division of responsibilities between the leadership of the Board and management, and no one individual has a considerable concentration of power.

Mr. Lim Boon Hock Bernard, the son of Mr. Lim Chye Huat @ Bobby Lim Chye Huat is the company CEO. He is responsible for the implementation of the Group's strategies, policies and conduct of the Group's operations and business.

CORPORATE GOVERNANCE

Mr. Lim Chye Huat @ Bobby Lim Chye Huat is our Non-Executive and Non-Independent Chairman and has been appointed as Director of the Company since 1997. Given Mr. Lim Chye Huat @ Bobby Lim Chye Huat's contribution to the success of the Company over the past years and the presence of a strong independent element on the Board, it is the view of the Board that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and no major decisions are made by an individual exercising any considerable concentration of power or influence. Furthermore, more than half of the Board is made up of Independent Directors and all the Board committees are chaired by Independent Directors.

Roles and Responsibilities of Chairman *(Provision 3.2)*

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

Role of Lead Independent Director *(Provision 3.3, Practice Guidance 2)*

The Board has appointed Mr. Soon Boon Siong as the Lead Independent Director since 1 November 2018. Mr. Soon Boon Siong is the Chairman of the Audit and Risk Committee, and a member of the Nominating and Remuneration Committees. He leads and co-ordinates the activities of the Independent Directors and calls meetings of the Independent Directors where necessary. Where applicable, appropriate feedback will be made to the Chairman and CEO. Mr. Soon Boon Siong is available to shareholders when they have concerns and where contact through the normal channels of the Company has failed to resolve those concerns or for which the normal channels are inappropriate or inadequate.

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.

NC Membership *(Provision 1.4, 4.1, 4.2)*

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

(a) Renny Yeo Ah Kiang (Chairman w.e.f. 1 July 2019)
(b) Lee Fang Wen
(c) Soon Boon Siong and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

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

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

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

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

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

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

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

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

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

Roles of NC *(Provision 4.5, Practice Guidance 4)*

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

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

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

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

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

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

The Company's Constitution requires one-third of the Directors for the time being (excluding the CEO) to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM"). A newly appointed Director must retire and submit himself for re-election at the AGM immediately following his appointment and thereafter, is subjected to the one-third rotation rule.

Mr. Lim Boon Hock Bernard, the CEO is not required to retire under the Company's Constitution. He has nevertheless volunteered to retire and offered himself for re-appointment at the last AGM held in October 2019, in full compliance with the Listing Rules. Going forward, he will continue to voluntarily offer himself for re-appointment at AGMs once every three years.

NC's Determination of Independent Director's Independence *(Provision 4.4)*

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

Commitments of Directors Sitting on Multiple Boards *(Provision 4.5, Practice Guidance 4)*

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

CORPORATE GOVERNANCE

All Directors are required to submit to the NC details of other directorships held by them during the financial year as well as information on other major appointments including full-time employment. In such submission, they are required to confirm that they have sufficient time to pay attention to the affairs of the Company. Having reviewed the submissions, in respect of FY2020, the NC is of the view that the Directors are able to carry out their duties as Directors of the Company and that each Director has discharged his duties adequately.

Alternate Directors *(Practice Guidance 4)*

The Company's Constitution provides for the appointment of alternate directors. The Board has decided that it will, as stated in the Code, generally avoid approving the appointment of alternate directors and should any appointment be made, it will be for limited periods only. No alternate director was appointed in FY2020.

Process for Selection and Appointment of New Directors and Key Information on Directors *(Provision 4.3, Practice Guidance 4)*

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

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

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

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, shall determine the selection criteria so as to identify candidates with the appropriate experience and expertise for the appointment as a new Director. The selection criteria include attributes such as integrity, diversity of competencies, industry knowledge and financial literacy. The NC seeks potential candidates widely and beyond Directors' / Management's recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

The NC then meets with the shortlisted candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as a new Director.

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

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.

Formal Process and Performance Assessment

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

Evaluation Process *(Provision 5.1, 5.2, Practice Guidance 5)*

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

Board Performance Criteria

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

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

Individual Director's Performance Criteria

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

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

Non-Executive Chairman and CEO Performance Criteria

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

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

The NC, without the engagement of an external facilitator, has performed the assessment for FY2020 and is of view that the performance of individual Directors and the Board as a whole, were satisfactory and sufficient time and attention have been given by the Directors in the discharge of their duties to the Group. In addition, the NC had reviewed and confirmed to the Board the independence of the Independent Directors.

For FY2020, the NC had also recommended to the Board the Directors who are due for re-election at the Company's Annual General Meeting in 2020

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.

RC Membership *(Provision 1.4, 6.1, 6.2, Practice Guidance 6)*

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

(a) Lee Fang Wen (Chairman)
(b) Soon Boon Siong
(c) Renny Yeo Ah Kiang and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

Roles of RC *(Practice Guidance 6)*

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

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

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

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

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

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

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

Remuneration Framework *(Provision 6.3)*

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

RC Access to advice on Remuneration Matters *(Provision 6.4, Practice Guidance 6)*

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

The latest review on remuneration of Directors was conducted by AON Hewitt Singapore Pte Ltd during the last financial year 2019. The RC will commission another review when the need arises. AON Hewitt Singapore does not have any relationship with the Company that could affect its independence and objectivity.

Fair and Reasonable Termination Terms *(Provision 6.3)*

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

LEVEL AND MIX OF REMUNERATION

Principle 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.

CORPORATE GOVERNANCE

Remuneration of Executive Directors *(Provision 7.1, 7.3)*

The Company sets remuneration packages which:-

(a) align interests of Executive Directors with those of shareholders;
(b) link rewards to corporate and individual performance; and
(c) are competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel with adequate experience and expertise to manage the business and operations of the Group.

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

Long-Term Incentive Scheme *(Practice Guidance 7)*

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

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

Remuneration of Non-Executive Directors *(Provision 7.2)*

The fees of Non-Executive Directors for FY2020 amounting to $253,000 was approved by shareholders at the last AGM.

Non-executive Directors are paid a basic member fee and an additional fee for serving on any of the committees of the Board. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of non-executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account.

The RC has assessed the adequacy and structure of remuneration of Non-Executive Directors taking into consideration the review conducted by the external consultant, AON Hewitt Singapore Pte Ltd and has proposed to the Board the following framework under which the Director Fees are derived:-

	Annual Fee ($)	
	Chairman	**Member**
Board	18,000	32,000
Audit and Risk	16,000	12,000
Nominating	7,000	3,000
Remuneration	7,000	3,000
Lead Independent Director	5,000	

The Board has assessed and approved the remuneration framework and the total proposed Director's fees for FY2021 will amount to $253,000.

Director's fees are only payable to Non-Executive Directors. The proposed Director's fees for FY2021 are not payable to Executive Directors.

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

CORPORATE GOVERNANCE

Incentive Components of Remuneration *(Practice Guidance 7)*

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

DISCLOSURE ON 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.

Remuneration of Directors *(Provision 8.1, 8.3. Practice Guidance 8)*

No payment was made or granted to any Director, CEO or the top five Key Management Personnel in relation to termination benefit in FY2020.

The remuneration paid to the Directors for services rendered during FY2020 is as follows:-

Name of Director	Remuneration ($'000)	Director's Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	609	–	82%	18% ^	100%
Lim Chye Huat @ Bobby Lim Chye Huat	68	100%	–	–	100%
Soon Boon Siong	71	100%	–	–	100%
Lee Fang Wen	57	100%	–	–	100%
Renny Yeo Ah Kiang	57	100%	–	–	100%

^ Mr. Lim Boon Hock Bernard, CEO had voluntary waived his FY2020 Profit Sharing entitlement and proposed to receive a lower quantum as bonus

Remuneration of Top Five Key Management Personnel *(Provision 8.1, 8.3, Practice Guidance 8)*

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

Remuneration Band	Name	Director's Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
$300,000 to below $350,000	Lim Eng Heng	1%	69%	30%	100%
	Ong Wee Heng	4%	81%	15%	100%
$250,000 to below $300,000	Chia Ah Heng	3%	82%	15%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	3%	82%	15%	100%
	Lim Lian Eng Sharon	–	77%	23%	100%

The aggregate remuneration paid to the above personnel was $1.44 million in FY2020.

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

CORPORATE GOVERNANCE

Employee Related to Directors, CEO and Substantial Shareholders *(Provision 8.2)*

The following are employees whose remuneration exceeds $100,000 and who are immediate family members of Mr. Lim Chye Huat @ Bobby Lim Chye Huat and Mr. Lim Boon Hock Bernard and substantial shareholders Mdm. Pang Yoke Chin, Mr. Lim Boon Chin Benjamin, Mr Lim Boon Hoh Benedict, Mdm. Guah Li Mei Joanna, Mr. Lim Chai Lai @ Louis Lim Chai Lai,and Mdm Chan Kum Lin, Lim.

		Relationship With							
		Non-Executive Chairman	CEO	Substantial Shareholder					
Remuneration Band	Employee's Name	Lim Chye Huat @ Bobby Lim Chye Huat	Lim Boon Hock Bernard *	Pang Yoke Chun *	Lim Boon Chin Benjamin	Lim Boon Hoh Benedict #	Guah Li Mei Joanna #	Lim Chai Lai @ Louis Lim Chai Lai ^	Chan Kum Lin ^
Refer to Directors Remuneration	Lim Boon Hock Bernard	Son		Husband	Brother	Brother	Brother-in-law	Nephew	Nephew-in-law
	Lim Chye Huat @ Bobby Lim Chye Huat		Father	Father-in-law	Father	Father	Father-in-law	Brother	Brother-in-law
Refer to Top Five Key Management Personnel Remuneration	Chia Ah Heng	Brother-in-Law	Uncle	Uncle-in-law	Uncle	Uncle	Uncle-in-law	Brother-in-law	Brother-in-law
	Lim Chai Lai @ Louis Lim Chai Lai	Brother	Uncle	Uncle-in-law	Uncle	Uncle	Uncle-in-law		Husband
	Lim Lian Eng Sharon	Sister	Aunt	Aunt-in-law	Aunt	Aunt	Aunt-in-law	Sister	Sister-in-law
$100,000 to below $150,000	Lim Boon Hoh Benedict	Son	Brother	Brother-in-law	Brother	Brother	Brother-in-law	Nephew	Nephew-in-law
	Lim Boon San Lionel	Nephew	Cousin	Cousin-in-law	Cousin	Cousin	Cousin-in-law	Son	Son
	Lim Chye Kwee	Brother	Uncle	Uncle-in-law	Uncle	Uncle	Uncle-in-law	Brother	Brother-in-law
	Lim Phek Choo Constance	Sister	Aunt	Aunt-in-law	Aunt	Aunt	Aunt-in-law	Sister	Sister-in-law

* / # / ^ Husband and Wife, therefore, each are deem to have an interest in shares of the spouse

Employee Share Scheme *(Provision 8.3)*

<u>Employee Share Option Scheme</u>

The Company does not have a share option scheme.

Remuneration and Performance *(Provision 8.1)*

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

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

CORPORATE GOVERNANCE

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

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.

Accountability for Accurate Information *(Practice Guidance 9)*

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

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

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

Compliance with Legislative and Regulatory Requirements

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

Management Accounts

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

Design, Implementation and Monitoring *(Provision 9.1, Practice Guidance 9)*

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

<u>Risk Management</u>

The Board has approved a Risk Management Framework for identifying key risks within the business segments. The risk defined in the framework range from strategic risks, financial risks and operational risks that include compliance and information technology risks. The Group adopts a bottom-up approach to assess the risk exposure, designed treatment plan and remedial action. Risk types are assigned with risk exposure rating based on the likelihood and consequence of each risk identified. The risk exposure rating determines the extent of risk exposure and the treatment plan. The Group's risk management framework's focus is on building a culture where the Group mitigates its risk exposure by calibrating risks to acceptable levels while achieving the Group's business plans and goals.

The Board is responsible for overseeing the Group's Risk Management Framework and policies and ensures that Management maintains a sound system of risk Management and internal controls.

Risk Management Principles

The risk management framework has been integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, the Audit and Risk Committee will review and report to the Board on the Group's risk profile, evaluate results and control measures to mitigate or transfer identified potential risks so as to provide assurance to itself and the Board that the process is operating effectively as planned.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and followed by the business segments and ultimately the Management and the Board, working as a team. A self-assessment process, conducted annually by the respective Business Segment Senior Management, was introduced to ensure that the Group's risk management activities are in order.

Risks that affect the achievement of the business objectives and financial performance of the Group are being identified and reviewed based on current controls in place. Risks identified are rated in terms of likelihood and impact, entailing the tolerable exposures as well as those requiring close attention. Risk matrix tables summarised the top risks to the Group, which were derived through the Risk Rating and discussion with the key management personnel of the respective subsidiaries.

Risk Tolerance

The Group has three risk tolerance guiding principles to determine the nature and extent of the significant risks, which the Group is willing to take in achieving its strategic objectives.

These principles are:-

(a) Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group's strategic objectives;

(b) Risk arising from a single area of operation, investment or undertaking should not be so huge as to endanger the entire Group; and

(c) Risk arising from safety breaches or lapses, non-compliance with laws and regulations, fraud, bribery and corruption, are not acceptable.

The Group adopts a balanced approach to risk management. The Group recognises that not all risks can be eliminated, and will only undertake appropriate and well considered risks to optimise returns for the Group.

The Group remains vigilant against emerging threats that may affect the different businesses. The Group will regularly review its risk management system to ensure that it is adequate and effective.

The CEO and the CFO are responsible in implementing the Company's strategy, strengthening the Group's risk management culture and ensuring the overall framework of risk management is comprehensive and responsive to changes in the business. They regularly review the completeness and accuracy of risk assessments, risk reporting and the adequacy of risk mitigation efforts. The CEO and the CFO, in turn, place reliance on their business segments to monitor and manage operational risks on an ongoing basis, as well as to identify emerging risks.

The Risk Management Framework is designed to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded, the risks facing the business are being assessed and all information that may be required to be disclosed is reported to the Board through the Audit and Risk Committee. The ARC has reviewed the current Risk Management Framework and together with the Board are of the view that it remains appropriate for the financial year ended 30 June 2020.

Internal Controls

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

CORPORATE GOVERNANCE

Staff / Director Securities Dealing Rules & Procedures

The Company has adopted an Internal Code Governing Dealings In Securities which is based on the best practices set out in Rule 1207(19) of the SGX-ST Listing Manual. This Internal Code provides guidance and prescribes the internal regulations with regard to dealings in the Company's securities by its officers.

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board acknowledges its responsibility for the Group's internal controls but recognises that no effective control system will entirely eliminate the risk of misstatement or loss. Based on the internal controls established and maintained by the Group, the work performed by the Internal Auditors, the review undertaken by the External Auditors as part of their statutory audit, supervision by Management and in the absence of any evidence to the contrary, the Board, with the concurrence of the ARC, is of the opinion that the Group's existing system of internal controls is adequate in addressing financial, operational, compliance and information technology risks as at 30 June 2020.

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

Board's Comment on Adequacy and Effectiveness of Internal Controls *(Provision 9.2)*

The ARC and the Board have received assurance:-

(a) from the CEO and CFO that the financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2020 give a true and fair view of the Group's operations and finances; and

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

Based on the framework of risk management controls and internal controls established and maintained in the Group, the work performed by the internal auditors, the review undertaken by the external auditors as part of their statutory audit and the written assurance from the CEO and CFO that the financial records have been properly maintained, the Board is of the opinion that the Group's risk management and internal control systems are adequate and effective for the financial year ended 30 June 2020.

The ARC concurs with the Board's comment that there are adequate and effective internal controls in place to address the risks relating to financial, operational, compliance and information technology controls and there were no material weakness of its internal control and risk management system.

Risk Committee *(Provision 9.1, Practice Guidance 9)*

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

AUDIT COMMITTEE

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

ARC Membership *(Provision 1.4, 10.2)*

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

(a) Soon Boon Siong (Chairman)
(b) Lee Fang Wen
(c) Renny Yeo Ah Kiang and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

During the year, the ARC held four (4) scheduled meetings which all members attended as disclosed in this Corporate Governance Report.

Expertise of ARC Members

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

Roles, Responsibilities and Authorities of ARC *(Provision 10.1)*

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

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

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

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

(c) Reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

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

(e) Reviewing interested person transactions; and

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

Meeting with External and Internal Auditors *(Provision 10.5)*

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

Review of External Auditors' Independence *(Provision 10.1)*

The ARC reviewed the non-audit services provided by the External Auditors ("EA") as part of the ARC's assessment of the EA's independence. The ARC is satisfied that the nature and extent of such services would not conflict with the independence of the EA. The ARC is satisfied with the independence and objectivity of the EA. The aggregate fee of $305 thousand was paid to the external auditors of the Company, of which $60 thousand was for non-audit services.

CORPORATE GOVERNANCE

Whistle-Blowing Policy *(Provision 10.1)*

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

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

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

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

Activities of ARC *(Provision 10.1, 10.5)*

ARC Meetings

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

Review of Financial Statements

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

Meetings with Internal Auditors

The Internal Auditors ("IA") presented their internal audit findings of six (6) companies in the Group. After reviewing and discussing the findings, the ARC accepted Management's responses to the IA's recommendations and the same was then submitted to the Board for its concurrence. The ARC paid attention to any material weaknesses reported, the reasonableness of the financial reporting process, the system of internal controls and the significant comments and recommendations proposed to ensure that the Group maintains a sound system of internal controls.

The ARC was briefed by the IA on its Internal Audit Plan for the financial year 30 June 2021. The said plan was accepted without any amendments for the Board's concurrence.

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

Meetings with External Auditors

The ARC met with the EA on two (2) occasions during the year. The first meeting was held in August 2019 where the EA, without the presence of Management, was asked among other matters, for their feedback on the support it received from management. Additionally, the ARC was briefed on the findings and procedure performed to address the significant risks and areas of audit focus and their determination of Key Audit Matters ("KAMs") in our Annual Report. The EA's Independent Auditor's Report containing the KAMs for the financial year ended 30 June 2019 was published in our Annual Report 2019.

In the second meeting held in June 2020, the EA presented its Planning Report to the ARC for the financial year ended 30 June 2020. The ARC was briefed, amongst other matters, on the EA's risk assessment process and the methodology used in the selection of our significant risks and areas of audit focus and KAMs for the financial year ended 30 June 2020.

The identified KAMs impacting our 2020 financial statements are as follows:

KAMs	How the issues were addressed by the ARC
Loss allowance for trade receivables	The ARC reviewed management's Expected Credit Loss ("ECL") assessment on trade receivable which is determined based on the historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions (such as ongoing effects of COVID-19 outbreak) and assessment of both the current as well as the forecast direction of conditions in the future. For loss allowance recognised for individually identified debtors, the ARC reviewed management's assessment on credit quality and recoverability of these debtors. The ARC concluded that the method of estimating the carrying value of trade receivables as well as the level of allowance were appropriate.
Allowance for inventories	The ARC reviewed management's process over the monitoring and review of the allowance for inventories and the policy in place to determine the level of allowance required. After discussion, the ARC concluded that the method of estimating the carrying value of inventories as well as the level of allowance remain appropriate.

Review of Re-appointment of External Auditors

The Board has accepted the ARC's recommendation to re-appoint Deloitte & Touche LLP ("D&T") as Auditors at our 2020 AGM. The ARC's recommendation was made in compliance with Rule 712 of the SGX-ST Listing Rules ("Listing Rules") and having given due consideration to the adequacy of the resources, experience and competence of D&T. The ARC had also taken into account the Audit Quality indicators relating to the experience of the engagement partner and key team members' experience; the audit hours spent by senior audit team members in auditing the Group; the training received by the audit team during the year; and the internal and external inspection results of senior team members. Furthermore, pursuant to Rule 1207(6) of the Listing Rules, the ARC is of the opinion that D&T's provision of non-audit services to the Group during the financial year would not affect their independence. D&T has also confirmed to the ARC that they are registered with the Accounting and Corporate Regulatory Authority.

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

Cooling-off Period for Partners or Directors of the Company's Auditing Firm *(Provision 10.3)*

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

Internal Auditors *(Provision 10.4)*

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

CORPORATE GOVERNANCE

Adequacy of Resources *(Provision 10.4)*

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

Internal Audit Function

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

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

Adequacy of Internal Audit Function *(Provision 10.4)*

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

SHAREHOLDER RIGHTS AND 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.

Effective Participation and Voting by Shareholders at General Meetings *(Provision 11.1)*

All shareholders are informed of shareholders' meetings through notices contained in annual reports and circulars disseminated to them. These notices are also published in the local press and posted on SGXNET. Resolutions tabled at general meetings are voted on by poll, the procedures and rules under which are clearly explained by scrutineers at such general meetings.

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend these general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and visions. These meetings also allow shareholders to raise relevant questions or seek clarification on the motions before they are put to the vote.

Separate Resolutions at General Meetings *(Provision 11.2, Practice Guidance 11)*

The Board ensures that resolutions to be tabled at general meetings are separate for each substantially separate issue, unless they are interdependent and linked so as to form one significant proposal. Where resolutions are bundled, the reasons and material implications are explained in the notice of general meeting to enable shareholders to make an informed decision.

CORPORATE GOVERNANCE

Voting by Poll

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

Absentia Voting *(Provision 11.4)*

Our Constitution currently does not, however, permit shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company has not amended its Constitution to provide for absentia voting, as it could be costly to implement, bearing in mind that the Company would need to implement preventive measures to guard against errors, fraud and other irregularities. The Company is of the opinion that despite its deviation from Provision 11.4 of the 2018 Code, shareholders nevertheless have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For example, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

Proxies for Nominee Companies

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

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

Attendees at General Meetings *(Provision 11.3)*

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

Minutes of General Meetings *(Provision 11.5)*

From year 2017, the minutes of general meetings as recorded by the Company Secretary will include substantial and relevant comments or queries from shareholders and responses from the Board.

The Company currently does not publish such minutes on our corporate website. The Company is of the view that despite its deviation from Provision 11.5 of the 2018 Code, the Company treats all shareholders fairly and equitably to enable them to exercise their shareholders' rights, including shareholders who are unable to attend general meetings, as the minutes of shareholders' meetings are available to any shareholder upon request and upon authentication of the shareholder's identity by the Company.

Dividend Policy *(Provision 11.6)*

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

The Company is of the view that despite its deviation from Provision 11.6 of the 2018 Code, shareholders have the opportunity to communicate their views on matters affecting the Company, including the dividend payout in any given year. Notwithstanding the absence of a stated dividend policy, shareholders are able to express their views to the Company on matters relating to dividends, whether this is done at AGMs or otherwise, and due consideration is given to such feedback.

CORPORATE GOVERNANCE

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.

Communication with Shareholders *(Provision 12.1, 12.2, 12.3)*

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Company releases comprehensive and accurate information in Announcements to inform shareholders promptly of all major developments that may have material impact on the Group or may affect the price or value of the Company's shares.

Other channels of communication with Shareholders include Results Announcements, Annual Reports, Shareholder Circulars and Shareholders' Meetings. The Company's Announcements, Annual Report and all financial results are accessible to the public on SGXNET and available through Company's share investor portal on the corporate website at www.taisinelectric.com. The portal also provides comprehensive and updated information on the Company and its businesses.

The Company attends to general enquiries from shareholders, investors, analysts and fund managers. The Company's Investor Relations Policy allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The policy sets out the mechanism through which shareholders may contact the Company with questions or feedback and through which the Company may respond. The Company has a team of investor relations personnel to focus on facilitating communication with shareholders, investors, fund managers, analysts, media and other stakeholders on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Company's corporate developments and financial performance.

The Company does not practice selective disclosure of material information. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts. Financial results and other price sensitive public announcements concerning the Group's performance, position or prospects are presented in a balanced and understandable manner.

Dialogue with Shareholders *(Provision 12.3, Practice Guidance 12)*

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

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

Soliciting and Understanding Views of Shareholders *(Provision 12.2)*

Outside of the financial reporting periods, when necessary and appropriate, at the request of analysts and fund managers, the Group CEO and CFO will meet those analysts and fund managers who seek a better understanding of the Group's operations.

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.

Managing Needs and Interests of Stakeholders *(Provision 13.1, 13.2, 13.3, Practice Guidance 13)*

The Company's stakeholders include employees, contractors and suppliers, government and regulators, community, shareholders and investors. The Company engages these stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains a Company's share investor portal on the corporate website at www.taisinelectric.com to communicate and engage with stakeholders.

INTERESTED PERSON TRANSACTIONS (LISTING MANUAL RULE 907)

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

During FY2020, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

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

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

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

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

MATERIAL CONTRACTS (LISTING MANUAL RULE 1207(8))

During FY2020, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 30 June 2020.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 70 to 149 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 30 June 2020, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Executive

Lim Boon Hock Bernard (Chief Executive Officer)

Non-executive

Lim Chye Huat @ Bobby Lim Chye Huat
Soon Boon Siong
Lee Fang Wen
Renny Yeo Ah Kiang

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the Register of Directors' Shareholdings kept by the company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Tai Sin Electric Limited	Number of shares			
Lim Chye Huat @ Bobby Lim Chye Huat	36,677,366	30,204,134	–	–
Lim Boon Hock Bernard	60,158,525	69,893,941	2,016,986	3,616,195

The directors' interests in the shares of the company at 21 July 2020 were the same as at 30 June 2020.

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

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

(b) *Option exercised*

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

(c) *Unissued shares under option*

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

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the company is chaired by Soon Boon Siong, an independent director, and includes Lee Fang Wen, Lim Chye Huat @ Bobby Lim Chye Huat and Renny Yeo Ah Kiang, all of whom are independent directors except for Lim Chye Huat @ Bobby Lim Chye Huat. The Audit and Risk Committee has met 4 times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

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

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

c) the audit plans of the external auditors;

d) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;

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

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

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

The Audit and Risk Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

29 September 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tai Sin Electric Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 149.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Key audit matters	How the matter was addressed in the audit
Loss allowance for trade receivables	
As at 30 June 2020, the group has trade receivables of \$57.86 million, representing 32.0% of the group's current assets. The group determines the expected credit loss ("ECL") of trade receivables by using an allowance matrix that is based on its historical credit loss experience, debtors' ability to pay and any relevant forward-looking information that may be specific to the debtors and economic environment. The recoverability and ECL assessments require the exercise of significant judgement, assumptions and estimates by management. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables. The group's disclosure on trade receivables is set out in Note 7 to the financial statements.	We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of loss allowance for trade receivables. We discussed with management and assessed the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates and reviewed data and information used by management in the ECL model. We reviewed forward-looking information that are specific to the debtors and economic environment, such as the ongoing effects of COVID-19 outbreak which has adversely impacted the customers' businesses and management's assessment on the financial position and capability of top debtors in making repayments. We reviewed collections during the year and subsequent to the year-end. We also recomputed management's calculation for the loss allowance and tested the adequacy of prior year allowance by comparing against actual loss incurred in the current year. For loss allowance recognised for individually identified debtors, we evaluated and reviewed management's assessment on credit quality and recoverability by considering amongst other factors such as subsequent receipts, payment history, settlement agreements and/or the ongoing business relationship with the debtors involved. We assessed the adequacy of disclosures made by management in respect of loss allowance for trade receivables.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Key audit matters	How the matter was addressed in the audit
<u>Allowance for inventories</u> As at 30 June 2020, the group holds significant inventories carried at the lower of cost and net realisable value of $78.9 million, representing 43.7% of the group's current assets. Such inventories comprise cable and wire products, electrical and electronic components and products, and lights and lighting components. The determination of the net realisable value of inventories is dependent upon management's assessment of allowance for inventories. This assessment involves the exercise of significant judgement in determining the allowance for inventories which include the age and type of inventory items, likelihood of obsolescence, past history of sales, the condition of the inventory items, the demand for the products and whether the allowance for inventories is adequate such that they are carried in the group's accounting records at the lower of cost or net realisable value. The group's disclosure on inventories is set out in Note 11 to the financial statements.	We performed procedures to understand management's process over the monitoring and review of the allowance for inventories and the policy in place to determine the level of allowance required. We discussed with management and evaluated the appropriateness of the group's policy and basis used in the assessment of allowance for inventories, and recalculated the allowance recorded, including testing the accuracy of the aging data used on a sample basis. We also assessed the reasonableness of the level of allowance recorded by comparing to recently transacted prices or prices of past sales of similar cable and wire products, electrical and electronic components and products, and light and lighting components. We assessed the adequacy of disclosures made by management in respect of allowance for inventories.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Rankin Brandt Yeo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

29 September 2020

STATEMENTS OF FINANCIAL POSITION

30 June 2020

		Group		Company	
	Note	2020	2019	2020	2019
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	6	33,501	16,822	12,918	5,092
Trade receivables	7	57,855	90,643	24,230	45,638
Other receivables	8	5,270	3,544	3,472	3,993
Contract assets	9	2,070	3,736	–	–
Derivative financial instruments	10	3,079	437	3,079	437
Inventories	11	78,920	68,202	46,525	42,270
Total current assets		180,695	183,384	90,224	97,430
Non-current assets					
Other receivables	8	12	111	638	1,806
Subsidiaries	12	–	–	43,190	42,671
Associates	13	10,198	9,137	–	–
Investment in quoted shares		2	–	–	–
Property, plant and equipment	14	38,371	40,329	13,353	14,143
Right-of-use assets	15	10,913	–	4,740	–
Investment property	16	2,940	3,003	–	–
Leasehold prepayments	17	–	124	–	–
Intangible assets	18	159	391	–	–
Deferred tax assets	19	93	106	–	–
Total non-current assets		62,688	53,201	61,921	58,620
Total assets		243,383	236,585	152,145	156,050
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank borrowings	20	20,548	25,611	9,679	10,494
Trade payables	21	16,031	22,223	1,715	9,650
Other payables	22	9,149	6,765	2,474	2,101
Contract liabilities	23	1,202	1,236	32	27
Lease liabilities	24	1,137	–	324	–
Finance leases	25	–	113	–	–
Income tax payable		2,221	1,986	1,110	868
Total current liabilities		50,288	57,934	15,334	23,140
Non-current liabilities					
Other payables	22	159	115	–	–
Lease liabilities	24	9,611	–	4,495	–
Finance leases	25	–	136	–	–
Deferred tax liabilities	19	1,253	1,587	560	660
Total non-current liabilities		11,023	1,838	5,055	660

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

30 June 2020

		Group		Company	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	**$'000**	**$'000**	**$'000**
Capital, reserves and non-controlling interests					
Share capital	26	63,712	58,641	63,712	58,641
Treasury shares	27	(950)	(950)	(950)	(950)
Reserves	28	117,736	117,858	68,994	74,559
Equity attributable to the owners of the company		180,498	175,549	131,756	132,250
Non-controlling interests		1,574	1,264	–	–
Total equity		182,072	176,813	131,756	132,250
Total liabilities and equity		243,383	236,585	152,145	156,050

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	29	276,414	335,706
Cost of sales		(232,054)	(285,190)
Gross profit		44,360	50,516
Other operating income	30	7,573	2,562
Selling and distribution expenses		(19,350)	(19,412)
Administrative expenses		(18,577)	(18,547)
Other operating expenses		(1,153)	(1,775)
Finance costs	31	(1,089)	(1,005)
Share of profit of associates	13	650	1,608
Profit before income tax		12,414	13,947
Income tax expense	32	(2,388)	(1,965)
Profit for the year	33	10,026	11,982
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		309	(1,099)
Changes in share of other comprehensive (loss) income of associates	13	(69)	32
Other comprehensive income (loss) for the year, net of tax		240	(1,067)
Total comprehensive income for the year		10,266	10,915
Profit for the year attributable to:			
Owners of the company		9,702	11,749
Non-controlling interests		324	233
		10,026	11,982
Total comprehensive income attributable to:			
Owners of the company		9,928	10,672
Non-controlling interests		338	243
		10,266	10,915
Earnings per share			
Basic (cents)	34	2.14	2.69
Diluted (cents)	34	2.14	2.69

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2020

	Note	Share capital	Treasury shares	Reserves: Foreign currency translation reserve	Reserves: Other reserve	Accumulated profits	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance at 1 July 2018		56,288	(950)	720	(1,084)	117,358	172,332	1,171	173,503
Total comprehensive income (loss) for the year:									
Profit for the year		–	–	–	–	11,749	11,749	233	11,982
Other comprehensive (loss) income for the year		–	–	(1,077)	–	–	(1,077)	10	(1,067)
Total		–	–	(1,077)	–	11,749	10,672	243	10,915
Transactions with owners, recognised directly in equity:									
Issue of shares pursuant to Scrip Dividend Scheme	35	2,353	–	–	–	(2,353)	–	–	–
Share of post-acquisition reserve from an associate		–	–	–	(8)	–	(8)	–	(8)
Dividends declared to non-controlling interests		–	–	–	–	–	–	(150)	(150)
Final dividend for the previous financial year paid	35	–	–	–	–	(6,533)	(6,533)	–	(6,533)
Interim dividend for the financial year paid	35	–	–	–	–	(914)	(914)	–	(914)
Total		2,353	–	–	(8)	(9,800)	(7,455)	(150)	(7,605)
Balance at 30 June 2019		58,641	(950)	(357)	(1,092)	119,307	175,549	1,264	176,813

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2020

	Note	Share capital	Treasury shares	Reserves: Foreign currency translation reserve	Reserves: Other reserve	Reserves: Accumulated profits	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance at 1 July 2019		58,641	(950)	(357)	(1,092)	119,307	175,549	1,264	176,813
Total comprehensive income for the year:									
Profit for the year		–	–	–	–	9,702	9,702	324	10,026
Other comprehensive income for the year		–	–	226	–	–	226	14	240
Total		–	–	226	–	9,702	9,928	338	10,266
Transactions with owners, recognised directly in equity:									
Issue of shares pursuant to Scrip Dividend Scheme	35	5,071	–	–	–	(5,071)	–	–	–
Share of post-acquisition reserve from an associate		–	–	–	52	–	52	–	52
Dividends declared to non-controlling interests		–	–	–	–	–	–	(28)	(28)
Final dividend for the previous financial year paid	35	–	–	–	–	(1,579)	(1,579)	–	(1,579)
Interim dividend for the financial year paid	35	–	–	–	–	(3,452)	(3,452)	–	(3,452)
Total		5,071	–	–	52	(10,102)	(4,979)	(28)	(5,007)
Balance at 30 June 2020		63,712	(950)	(131)	(1,040)	118,907	180,498	1,574	182,072

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2020

	Note	Share capital $'000	Reserves: Treasury shares $'000	Reserves: Accumulated profits $'000	Total equity $'000
Company					
Balance at 1 July 2018		56,288	(950)	79,377	134,715
Profit for the year, representing total comprehensive income for the year		–	–	4,982	4,982
Transactions with owners, recognised directly in equity:					
Issue of shares pursuant to Scrip Dividend Scheme	35	2,353	–	(2,353)	–
Final dividend for the previous financial year paid	35	–	–	(6,533)	(6,533)
Interim dividend for the financial year paid	35	–	–	(914)	(914)
Total		2,353	–	(9,800)	(7,447)
Balance at 30 June 2019		58,641	(950)	74,559	132,250
Profit for the year, representing total comprehensive income for the year		–	–	4,537	4,537
Transactions with owners, recognised directly in equity:					
Issue of shares pursuant to Scrip Dividend Scheme	35	5,071	–	(5,071)	–
Final dividend for the previous financial year paid	35	–	–	(1,579)	(1,579)
Interim dividend for the financial year paid	35	–	–	(3,452)	(3,452)
Total		5,071	–	(10,102)	(5,031)
Balance at 30 June 2020		63,712	(950)	68,994	131,756

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2020

	Group	
	2020	**2019**
	$'000	**$'000**
Operating activities		
Profit before income tax	12,414	13,947
Adjustments for:		
Depreciation of property, plant and equipment	5,423	5,232
Depreciation of investment property	51	51
Depreciation of right-of-use assets	1,232	–
Amortisation expense	232	232
Interest income	(78)	(21)
Interest expense	1,089	1,005
Gain on disposal of property, plant and equipment	(13)	(92)
Property, plant and equipment written off	97	20
Bad debts written off	42	24
Loss allowance for trade and other receivables	1,014	1,731
Inventories written off	413	236
(Reversal of) Allowance for inventories obsolescence	(25)	3
Gain on revaluation of investment in quoted shares	(2)	–
Fair value adjustments on derivative financial instruments taken to profit or loss	(2,642)	(437)
Share of profit of associates	(650)	(1,608)
Operating cash flows before movement in working capital	18,597	20,323
Trade receivables	31,901	(557)
Other receivables	(1,964)	205
Contract assets	1,677	(569)
Inventories	(10,928)	1,406
Trade payables	(6,236)	(6,029)
Other payables	2,421	(249)
Contract liabilities	(50)	(473)
Cash generated from operations	35,418	14,057
Income tax paid	(2,314)	(2,201)
Net cash from operating activities	33,104	11,856

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2020

	Group	
	2020	2019
	$'000	$'000
Investing activities		
Acquisition of an associate	(500)	–
Purchase of property, plant and equipment [(a)]	(4,047)	(11,403)
Purchase of quoted shares	– *	–
Proceeds from disposal of property, plant and equipment	245	132
Dividend received from an associate	72	–
Interest received	78	21
Net cash used in investing activities	(4,152)	(11,250)
Financing activities		
Proceeds from short-term bank borrowings	75,556	101,220
Repayment of short-term bank borrowings	(80,624)	(95,025)
Repayment of finance lease obligations	–	(89)
Repayment of principal portion of lease liabilities	(1,047)	–
Interest paid	(1,089)	(1,005)
Dividends paid [(b)]	(5,031)	(7,447)
Dividends paid to non-controlling interests	(28)	–
Net cash used in financing activities	(12,263)	(2,346)
Net increase (decrease) in cash and cash equivalents	16,689	(1,740)
Cash and cash equivalents at beginning of year	16,822	18,754
Effects of exchange rate changes on the balance of cash held in foreign currencies	(10)	(192)
Cash and cash equivalents at end of year	33,501	16,822

* Amount less than $1,000.

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $4,047,000 (2019 : $11,745,000) of which $Nil (2019 : $342,000) was acquired by means of finance leases. Cash payment of $4,047,000 (2019 : $11,403,000) were made to purchase property, plant and equipment.

(b) Dividends paid

During the financial year, the group allotted and issued 16,904,076 (2019 : 7,841,974) new shares at an issue price of $0.30 (2019 : $0.30) per share pursuant to the Scrip Dividend Scheme. Cash payments of $5,031,000 (2019 : $7,447,000) were made for the dividends.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

1 GENERAL

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

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

The principal activities of the subsidiaries and associates are stated in Notes 12 and 13 respectively to the financial statements.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended 30 June 2020 were authorised for issue by the Board of Directors on 29 September 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On 1 July 2019, the group and the company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the group is 1 July 2019.

The group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(a) Impact of the new definition of a lease

The group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion and interest (presented within financing activities) in the consolidated statement of cash flows.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 16 *Leases (cont'd)*

(b) Impact on lessee accounting (cont'd)

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from 1 July 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 July 2019 is 3.50% per annum.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

SFRS(I) 16 *Leases (cont'd)*

(d) Financial impact of initial application of SFRS(I) 16 (cont'd)

Group	2020 $'000
Operating lease commitments at 30 June 2019 (Note 38)	16,127
Less: Short-term leases and leases of low value assets	(547)
Less: Effect of discounting the above amounts	(4,610)
Add: Finance lease liabilities recognised under SFRS(I) 1-17 at 30 June 2019	249
Add: Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	107
Lease liabilities recognised at 1 July 2019	11,326

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepayment relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $11,670,000 were recognised on 1 July 2019 and prepayments decreased by $302,000.

During the year, property, plant and equipment previously held under finance lease applying SFRS(I) 1-17, which amounted to $291,000, have been reclassified to 'right-of-use assets' under SFRS(I) 16 at date of initial application.

Company	2020 $'000
Operating lease commitments at 30 June 2019 (Note 38)	6,581
Less: Short-term leases and leases of low value assets	(34)
Less: Effect of discounting the above amounts	(1,443)
Lease liabilities recognised at 1 July 2019	5,104

Right-of-use assets were measured at the amount equal to the lease liabilities. Consequently, right-of-use assets and lease liabilities of $5,104,000 were recognised on 1 July 2019.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRSs) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Where a business combination is achieved in stages, the group's previously held interest in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquiree in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Financial assets (cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

- financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" line item (Note 30). Fair value is determined in the manner described in Note 4(b)(vi).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using an allowance matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations, namely cables and wires manufacturing and trading, electrical materials distribution, switchboards manufacturing and trading, and testing and inspection services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For loan commitments and financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collaterals held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower; or

b) a breach of contract, such as a default or past due event; or

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- past-due status;
- nature, size and industry of debtors;
- nature of collaterals for finance lease receivables; and
- external credit ratings where available.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" (Note 30) or "other operating expenses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk and copper price risk, including foreign exchange forward contracts and copper contracts. The group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in Note 10 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group does not apply hedge accounting on derivative financial instruments.

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

Leases (Before 1 July 2019)

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

The group as lessee

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Leases (Before 1 July 2019) (cont'd)

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Leases (From 1 July 2019)

The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (From 1 July 2019) (cont'd)

The group as lessee (cont'd)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The group as lessor

The group enters into lease agreements as a lessor with respect to its investment property.

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Leases (From 1 July 2019) (cont'd)

The group as lessor (cont'd)

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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

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

PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS - Property, plant and equipment and right-of-use assets are carried at cost less accumulated depreciation and any impairment losses.

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

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

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

Depreciation is not provided on freehold land.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

Customer relationships	–	9 years
Proprietary application software	–	5 years

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

<u>Onerous contracts</u>

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

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Sale of goods

The group sells various cables and wires, electrical materials, and switchboards. Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customers have full discretion over the manner of which the goods are used. A receivable is recognised by the group when the goods are delivered to the customers as per terms of sale, which represent the point in time at which the group's right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rendering of services

The group provides laboratory test on building and civil engineering materials, non-destructive tests on steel and concrete, geotechnical related soil boring and testing, and provision of independent inspection services. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these testing and inspection services based on the stage of completion of the contract. Management has assessed that the stage of completion determined based on surveyors' certificates at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for the testing and inspection services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

Interest income

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

Dividend income

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

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

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

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Loss allowance for trade receivables

The group uses an allowance matrix to calculate ECL for trade receivables. The allowance rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The allowance matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust historical credit loss experience with forward-looking information that may be specific to the debtor.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant management estimate. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The loss allowance and carrying amounts of the group's trade receivables at the end of the reporting period are disclosed in Note 7 to the financial statements.

ii) Allowance for inventories

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

The carrying amount of inventories at the end of the reporting period is disclosed in Note 11 to the financial statements.

iii) Impairment of investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment loss. The company follows the guidance of SFRS(I) 1-36 *Impairment of Assets* to determine when its investments in subsidiaries and associates are impaired. This determination requires management to evaluate, among other factors, the market and economic environment in which the subsidiaries and associates operate, economic performance of these entities, the duration and extent to which the cost of investments in these entities exceed their net tangible assets values and fair value of investments less cost to sell.

The carrying amount of investments in and advances to subsidiaries at the end of the reporting period was $43,190,000 (2019 : $42,671,000), net of impairment loss of $69,000 (2019 : $2,535,000) as disclosed in Note 12 to the financial statements.

The carrying amount of investments in associates at the end of the reporting period is disclosed in Note 13 to the financial statements.

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

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

iv) Provision for onerous contracts

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

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

For the years ended 30 June 2020 and 2019, no provision for onerous contracts was made.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets				
Financial assets at amortised costs	94,922	112,688	40,849	55,953
Derivative financial instruments	3,079	437	3,079	437
Financial liabilities				
Financial liabilities at amortised costs	42,383	54,722	13,089	22,245
Lease liabilities	10,748	–	4,819	–

(b) Financial risk management policies and objectives

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

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

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

i) Foreign exchange risk management

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

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

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

	Group			
	Liabilities		Assets	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States dollar	5,129	7,993	8,828	3,179
Euro	87	727	66	45
Malaysian ringgit	18	–	835	–
Singapore dollar	1	6	22	467

	Company			
	Liabilities		Assets	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States dollar	1,221	5,694	4,067	310
Euro	52	653	–	–
Malaysian ringgit	20	–	–	–

Management enters into short-term forward foreign currency exchange contracts to manage foreign currency exchange rate risk. The group's commitments on forward foreign exchange contracts at 30 June 2020 and 2019 are disclosed in Note 10.

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

Foreign currency sensitivity

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

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

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

i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

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

	United States dollar impact		Euro impact		Singapore dollar impact		Malaysian ringgit impact	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit or loss	(1,792)	(2,853)	2	68	(2)	(46)	(82)	–
Company								
Profit or loss	(1,707)	(2,796)	5	65	NA	NA	2	–

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

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

ii) Interest rate risk management

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

The interest rates and terms of repayment for bank borrowings, lease liabilities and finance leases of the group are disclosed in Notes 20, 24 and 25 to the financial statements respectively.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

iii) Overview of the group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at 30 June 2020, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(b)(v). The related loss allowance is disclosed in the respective notes to the financial statements.

In order to minimise credit risk, the group develops and maintains the credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and the group's own trading records to rate its major customers and other debtors. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses ("ECL")**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12 month ECL.
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired.
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired.
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.	Amount is written off.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

iii) Overview of the group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
30 June 2020						
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	61,052	(3,197)	57,855
Other receivables	8	Performing	12-month ECL	5,314	(32)	5,282
				66,366	(3,229)	63,137
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	25,380	(1,150)	24,230
Other receivables	8	Performing	12-month ECL	4,110	–	4,110
				29,490	(1,150)	28,340
30 June 2019						
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	93,458	(2,815)	90,643
Other receivables	8	Performing	12-month ECL	3,703	(48)	3,655
				97,161	(2,863)	94,298
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	46,330	(692)	45,638
Other receivables	8	Performing	12-month ECL	5,799	–	5,799
				52,129	(692)	51,437

(i) For trade receivables, the group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit losses on these items by using an allowance matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the allowance matrix. Notes 7 and 8 include further details on the loss allowance for trade and other receivables.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

iv) Credit risk management

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

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

The group and company are exposed to a concentration of credit risk as trade receivables amounting to about 6% (2019 : 10%) and 16% (2019 : 20%) respectively are due mainly from one key customer (2019 : one key customer) with good payment history.

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

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

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

Trade receivables consist of a large number of customers spread across diverse geographical areas. The credit risk for gross trade receivables based on geographical location is as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	41,771	70,077	22,601	42,353
Malaysia	10,634	11,015	180	189
Brunei	3,744	3,141	35	1,969
Vietnam	2,749	6,369	1,967	1,277
Indonesia	1,163	2,119	74	471
Thailand	72	259	3	8
Myanmar	687	79	520	63
Cambodia	54	53	–	–
Others	178	346	–	–
Total gross trade receivables	61,052	93,458	25,380	46,330

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

v) Liquidity risk management

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

As at 30 June 2020, the group and the company had $33.5 million (2019 : $16.8 million) and $12.9 million (2019 : $5.1 million) in cash and cash equivalents respectively, and was in a net current asset position of $130.4 million (2019 : $125.5 million) and $74.9 million (2019 : $74.3 million) respectively. The group's earnings and operating cashflows will face headwinds from the COVID-19 operating environment and the group is carefully managing its operating and capital expenses in this operating environment. The group and the company maintain access to undrawn credit facilities and have financial resources to meet their obligations when they fall due.

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000	$'000
Group						
2020						
Non-interest bearing	–	21,676	159	–	–	21,835
Lease liability (fixed rate)	3.50	1,509	3,853	9,452	(4,066)	10,748
Fixed interest rate instruments	1.94	20,947	–	–	(399)	20,548
		44,132	4,012	9,452	(4,465)	53,131
2019						
Non-interest bearing	–	28,747	115	–	–	28,862
Finance lease liability (fixed rate)	3.06	113	147	–	(11)	249
Fixed interest rate instruments	3.00	26,379	–	–	(768)	25,611
		55,239	262	–	(779)	54,722

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000	$'000
Company						
2020						
Non-interest bearing	–	3,410	–	–	–	3,410
Lease liability (fixed rate)	3.61	464	1,856	3,763	(1,264)	4,819
Fixed interest rate instruments	1.60	9,834	–	–	(155)	9,679
		13,708	1,856	3,763	(1,419)	17,908
2019						
Non-interest bearing	–	11,751	–	–	–	11,751
Fixed interest rate instruments	2.73	10,780	–	–	(286)	10,494
		22,531	–	–	(286)	22,245

The maximum amount that the company could be forced to settle under the corporate guarantee in relation to credit facilities granted to subsidiaries in Note 36 is $10,911,000 (2019 : $15,117,000). The earliest period that the guarantee could be called is within 1 year (2019 : 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under the arrangement.

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial assets

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000
Group					
2020					
Non-interest bearing	–	91,517	12	–	91,529
Fixed interest rate instruments	4.70	3,552	–	(159)	3,393
		95,069	12	(159)	94,922
2019					
Non-interest bearing	–	112,567	111	–	112,678
Fixed interest rate instruments	0.25	10	–	–	10
		112,577	111	–	112,688
Company					
2020					
Non-interest bearing	–	39,043	–	–	39,043
Fixed interest rate instruments	2.50	1,200	638	(32)	1,806
		40,243	638	(32)	40,849
2019					
Non-interest bearing	–	53,008	–	–	53,008
Fixed interest rate instruments	2.50	1,200	1,806	(61)	2,945
		54,208	1,806	(61)	55,953

Derivative financial instruments

As at 30 June 2020, the fair value of the gross settled foreign exchange forward contracts and copper contracts which were on demand or within one year payable amounted to $3,079,000 (2019 : $437,000).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

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

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

vi) Fair values of financial assets and financial liabilities

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

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

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

- the fair value of derivative instruments are calculated using quoted prices.

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

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

(c) Capital management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Notes 20, 24 and 25 (net of cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated profits as disclosed in Notes 26 to 28.

The group and company are required to maintain compliance with covenants imposed by banks and these include a minimum tangible net worth amount and a maximum gearing ratio. The group and company are in compliance with these covenant requirements for the financial years ended 30 June 2020 and 2019.

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

The group's overall strategy remains unchanged from 2019.

5 RELATED PARTY TRANSACTIONS

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

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

	Group	
	2020	2019
	$'000	$'000
Sales to associates	(2,129)	(2,952)
Services provided by associates	3	169
Management fees charge to associates	(18)	(12)
Rental charge to associates	(188)	(113)
Services provided to associates	(16)	(21)
Billing on behalf of associates	225	160
Expenses paid on behalf for associates	(153)	(98)

<u>Companies in which key management have interests:</u>

	Group	
	2020	2019
	$'000	$'000
Sales	(1,538)	(3,867)
Purchases	184	131
Sales of plant and machinery to a related party	(3)	(6)
Services provided to a related party	(125)	(12)
Sub-contract charges to a related party	–	(141)
Consultancy services provided to a related party	–	(55)
Rental income from a related party	(9)	(11)
Loan to related party	(125)	–
Billing on behalf by related party	(825)	(1,312)
Expenses paid on behalf to a related party	319	829

Compensation of directors and key management personnel

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

	Group	
	2020	2019
	$'000	$'000
Short-term benefits (including directors' fee)	5,676	5,864
Post-employment benefits	274	291
	5,950	6,155

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

6 CASH AND BANK BALANCES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash and bank balances	30,108	16,812	12,918	5,092
Fixed deposits	3,393	10	–	–
	33,501	16,822	12,918	5,092

The fixed deposits bear interest at 0.25% to 6.31% (2019 : 0.25%) per annum and are due within 1 to 12 months (2019 : 12 months). The fixed deposits can be converted to a known amount of cash at minimum charges at short notice.

7 TRADE RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Outside parties	59,289	89,400	22,804	42,031
Related parties (Note 5)	1,355	3,242	35	1,969
Subsidiaries (Note 12)	–	–	2,236	1,849
Associates (Note 13)	408	816	305	481
	61,052	93,458	25,380	46,330
Less: Loss allowance	(3,197)	(2,815)	(1,150)	(692)
	57,855	90,643	24,230	45,638

The average credit period is 30 to 120 days (2019 : 30 to 120 days). No interest is charged on the trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using an allowance matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

7 **TRADE RECEIVABLES (cont'd)**

The following table details the risk profile of trade receivables from contracts with customers based on the group's allowance matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer base.

	Group				
	Trade receivables - days past due				
30 June 2020	**Not past due**	**0 - 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0.53%	1.15%	9.54%	100.00%	–
Estimated total gross carrying amount at default	21,067	25,915	12,472	1,598	61,052
Lifetime ECL	(111)	(298)	(1,190)	(1,598)	(3,197)
					57,855

	Company				
	Trade receivables - days past due				
30 June 2020	**Not past due**	**0 - 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0.08%	0.58%	7.86%	100.00%	–
Estimated total gross carrying amount at default	6,340	12,812	5,597	631	25,380
Lifetime ECL	(5)	(74)	(440)	(631)	(1,150)
					24,230

	Group				
	Trade receivables - days past due				
30 June 2019	**Not past due**	**0 - 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0.37%	1.17%	11.14%	100.00%	–
Estimated total gross carrying amount at default	47,945	37,262	6,807	1,444	93,458
Lifetime ECL	(177)	(436)	(758)	(1,444)	(2,815)
					90,643

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

7 TRADE RECEIVABLES (cont'd)

	Company				
	Trade receivables - days past due				
30 June 2019	**Not past due**	**0 - 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Expected credit loss rate	0.14%	0.36%	15.99%	100.00%	–
Estimated total gross carrying amount at default	29,394	14,527	2,157	252	46,330
Lifetime ECL	(42)	(53)	(345)	(252)	(692)
					45,638

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	**Individually assessed**	**Lifetime ECL - credit-impaired**	**Total**
	$'000	**$'000**	**$'000**
Balance as at 1 July 2018	1,322	1,242	2,564
Amounts written off	(1,422)	–	(1,422)
Change in loss allowance	1,568	136	1,704
Currency alignment	(24)	(7)	(31)
Balance as at 30 June 2019	1,444	1,371	2,815
Amounts written off	(647)	–	(647)
Change in loss allowance	801	229	1,030
Currency alignment	–	(1)	(1)
Balance as at 30 June 2020	1,598	1,599	3,197

Company	**Individually assessed**	**Lifetime ECL - credit-impaired**	**Total**
	$'000	**$'000**	**$'000**
Balance as at 1 July 2018	423	271	694
Amounts written off	(1,269)	–	(1,269)
Change in loss allowance	1,098	169	1,267
Balance as at 30 June 2019	252	440	692
Change in loss allowance	379	79	458
Balance as at 30 June 2020	631	519	1,150

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

8 OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Subsidiaries (Note 12)	–	–	1,787	2,176
Loan to a subsidiary (Note 12)	–	–	1,806	2,945
Associates (Note 13)	14	–	–	–
Related parties (Note 5)	239	366	–	–
Advances to staff	184	265	100	93
Prepayments	680	1,383	103	576
Leasehold prepayments (current portion) (Note 17)	–	3	–	–
Other deposits	548	482	6	8
Advance to suppliers	546	236	–	–
Grant receivable	2,177	–	306	–
Tax recoverable	383	546	–	–
Others	543	422	2	1
Total	5,314	3,703	4,110	5,799
Less: Non-current other receivables	(12)	(111)	(638)	(1,806)
Less: Loss allowance	(32)	(48)	–	–
Current other receivables	5,270	3,544	3,472	3,993

The loan to a subsidiary of $1,806,000 (2019 : $2,945,000) bears interest at a fixed rate of 2.50% (2019 : 1.70% to 2.50%) per annum, is unsecured and is to be repaid over 8 years, with fixed monthly instalments of $100,000 that commenced from December 2014.

Grant receivables relate to the amounts granted to the group under the Jobs Support Scheme ("JSS") initiative by the Singapore government, which is intended to defray certain manpower costs. In determining the timing of recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commences April 2020 following COVID-19 related lockdowns on dormitories which resulted in construction projects being stalled and adversely impacting volume of sales transactions.

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

9 CONTRACT ASSETS

	Group	
	2020	**2019**
	$'000	**$'000**
Retention receivables	29	24
Test and inspections contracts:		
- Outside parties	1,941	3,320
- Related parties (Note 5)	100	392
	2,070	3,736
Analysed as:		
- Current	2,070	3,736

Contract assets are balances due from customers under on-going contracts that arise when the group receives payments from customers in line with a series of performance - related milestones. The group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for test and inspections services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the services are performed to represent the group's right to consideration for the services transferred to date.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Forward foreign exchange contracts	331	311
Copper contracts	2,748	126
	3,079	437

Forward foreign exchange contracts

As at 30 June 2020 and 2019, the group and company had outstanding currency derivatives that were used to hedge significant future transactions. The instruments purchased are primarily denominated in the currencies of the group's and company's principal markets.

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Forward foreign exchange contracts (cont'd)

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

	Foreign currency		Notional contract value		Fair value	
	2020	2019	2020	2019	2020	2019
	FC'000	FC'000	$'000	$'000	$'000	$'000
Group and Company						
Buy United States dollar less than 12 months	10,205	24,871	14,219	33,341	331	311

As at 30 June 2020, the fair value of forward foreign exchange contracts for the group and the company was at $331,000 (2019 : $311,000). These amounts were determined based on observable forward exchange rates, contract forward rates and discounted at a rate that reflected the credit risk of various counterparties at the end of reporting period. Changes in the fair value of the forward foreign exchange contracts were recorded in profit or loss immediately.

Copper contracts

As at 30 June 2020 and 2019, the group and the company had outstanding copper contracts that were used to hedge significant future fluctuations in copper prices.

11 INVENTORIES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Raw materials	10,317	9,351	8,054	6,155
Work-in-progress	14,606	13,751	9,324	9,550
Finished goods	52,653	43,116	28,183	24,963
Goods-in-transit	1,344	1,984	964	1,602
	78,920	68,202	46,525	42,270

Inventories are stated net of an allowance of $433,000 (2019 : $458,000). In addition, $413,000 (2019 : $236,000) of inventories were written off as they were assessed to be not saleable. During the year, there is an reversal of allowance for inventories obsolescence of $25,000 (2019 : allowance for inventories obsolescence of $3,000).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

12 SUBSIDIARIES

	Company 2020 $'000	Company 2019 $'000
Unquoted equity shares, at cost	33,824	33,893
Deemed investment [(a)]	9,366	8,778
	43,190	42,671

For the year ended 30 June 2020, investment in subsidiaries is recorded net of impairment loss of $69,000 (2019 : $2,535,000).

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

Fair value of corporate guarantees is the guarantee fee received for issuing the financial guarantee and is approximately 1% (2019 : 1%) per annum of the sum guaranteed under the financial guarantee contract.

Details of the subsidiaries are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held 2020 %	2019 %
Tai Sin Electric Cables (Malaysia) Sdn. Bhd. [(b)]	Cable and wire manufacturer and dealer in such products/ Malaysia	100	100
PKS Sdn Bhd [(b)]	Electrical switchboards, feeder pillars and components manufacturer and dealer in such products/ Brunei	70	70
Tai Sin (Vietnam) Pte Ltd [(a)]	Intermediate investment holding/ Singapore	100	100
Tai Sin Electric Cables (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Cable and wire manufacturer and dealer in such products/ Vietnam	100	100
Lim Kim Hai Electric (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Trading of electrical products/ Vietnam	90	90
Tai Sin Electric International Pte Ltd [(a)]	Dormant/ Singapore	100	100

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

12 SUBSIDIARIES (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held	
		2020	2019
		%	%
Lim Kim Hai Electric Co (S) Pte Ltd [a]	Distributor of electrical products and investment holding/ Singapore	100	100
LKH Electric (M) Sdn. Bhd. (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [b]	Dormant/ Malaysia	100	100
LKH Precicon Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [a]	Distributor of electrical products/ Singapore	100	100
LKH Projects Distribution Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [a]	Distributor of electrical products/ Singapore	100	100
CAST Laboratories Pte Ltd [a]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	100	100
CiPGi Pte Ltd (subsidiary of CAST Laboratories Pte Ltd) [e]	Dormant/ Singapore	–	100
CASTconsult Sdn Bhd (subsidiary of CAST Laboratories Pte Ltd) [b]	General construction and technical engineering/ Malaysia	100	100
PT CAST Laboratories Indonesia (subsidiary of CAST Laboratories Pte Ltd) [d]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	95	95

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

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

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

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

(e) Subsidiary has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act, Cap. 50 with effect from 6 April 2020.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

12 SUBSIDIARIES (cont'd)

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

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiaries	
		2020	2019
Cable and wire manufacturer and dealer in such products.	Malaysia	1	1
Dormant.	Malaysia	1	1
Investment holding.	Singapore	1	1
Cable and wire manufacturer and dealer in such products.	Vietnam	1	1
Dormant.	Singapore	1	2
Distributor of electrical products and investment holding.	Singapore	1	1
Distributor of electrical products.	Singapore	2	2
Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding.	Singapore	1	1
General construction and technical engineering.	Malaysia	1	1
		10	11

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

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiaries	
		2020	2019
Trading of electrical products.	Vietnam	1	1
Electrical switchboards, feeder pillars and components manufacturer and dealer in such products.	Brunei	1	1
Provision of oil and gas, non-construction, testing and analysis services.	Indonesia	1	1
		3	3

12 SUBSIDIARIES (cont'd)

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

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
		%	%	$'000	$'000	$'000	$'000
PKS Sdn Bhd	Brunei	30	30	104	90	842	738
CAST Laboratories Pte Ltd and its subsidiaries[(a)]	Singapore	5	5	26	10	153	125
Lim Kim Hai Electric (VN) Company Limited	Vietnam	10	10	194	133	579	401
Total				324	233	1,574	1,264

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

12 SUBSIDIARIES (cont'd)

	PKS Sdn Bhd		CAST Laboratories Pte Ltd and its subsidiaries		Lim Kim Hai Electric (VN) Company Limited	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	3,498	3,289	3,699	2,673	8,334	6,225
Non-current assets	240	70	1,186	1,032	113	126
Current liabilities	(788)	(901)	(1,652)	(1,080)	(2,659)	(2,356)
Non-current liabilities	(145)	–	(168)	(123)	–	–
Equity attributable to owners of the company	1,963	1,720	2,912	2,377	5,209	3,594
Non-controlling interests	842	738	153	125	579	401
Revenue	5,445	4,883	4,888	3,380	28,988	33,406
Expenses	(5,098)	(4,583)	(4,369)	(3,186)	(27,040)	(32,070)
Profit for the year	347	300	519	194	1,948	1,336
Profit attributable to owners of the company	243	210	493	184	1,754	1,203
Profit attributable to the non-controlling interests	104	90	26	10	194	133
Profit for the year	347	300	519	194	1,948	1,336
Other comprehensive income (loss) attributable to owners of the company	–	–	42	(93)	113	(83)
Other comprehensive income attributable to the non-controlling interests	–	–	2	-*	12	10
Other comprehensive income (loss) for the year	–	–	44	(93)	125	(73)
Total comprehensive income attributable to owners of the company	243	210	535	91	1,867	1,120
Total comprehensive income attributable to the non-controlling interests	104	90	28	10	206	143
Total comprehensive income for the year	347	300	563	101	2,073	1,263
Dividends declared/paid to non-controlling interests	–	150	–	–	28	–
Net cash inflow (outflow) from operating activities	43	(83)	508	24	1,443	(173)
Net cash outflow from investing activities	(22)	(55)	(314)	(166)	(3)	(11)
Net cash inflow (outflow) from financing activities	–	–	137	(5)	(279)	–
Net cash inflow (outflow)	21	(138)	331	(147)	1,161	(184)

* Amount less than $1,000.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

13 ASSOCIATES

	Group 2020 $'000	Group 2019 $'000
Unquoted equity shares, at cost	3,188	2,688
Share of post-acquisition results and reserves, net of dividends received	7,010	6,449
	10,198	9,137

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

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %	Proportion of voting power held 2020 %	Proportion of voting power held 2019 %
Held by Lim Kim Hai Electric Co (S) Pte Ltd					
Nylect International Pte. Ltd. [(a)]	Investment holding/ Singapore	30	30	30	30
PT Elmecon Multikencana [(d)]	Electronic and electrical appliances/ Indonesia	40	–	40	–
Held by Nylect International Pte. Ltd.					
Nylect Engineering Pte Ltd [(a)]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
PT Nylect Indonesia [(e)]	Mechanical and electrical design and installation/ Indonesia	70	70	70	70
Nylect Technology Ltd Vietnam [(f)]	Mechanical and electrical design and installation/ Vietnam	100	100	100	100
Shanghai Nylect Engineering Co., Ltd [(a)]	Mechanical and electrical design and installation/ People's Republic of China	100	100	100	100
Nylect Technology (Myanmar) Ltd [(b)]	Mechanical and electrical design and installation/ Myanmar	70	70	70	70

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

13 ASSOCIATES (cont'd)

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
		2020	2019	2020	2019
		%	%	%	%
Held by Nylect Engineering Pte Ltd					
NEPL Pte Ltd [(a)]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
PT Nylect Indonesia [(e)]	Mechanical and electrical design and installation/ Indonesia	30	30	30	30
Nylect Technology (Myanmar) Ltd [(b)]	Mechanical and electrical design and installation/ Myanmar	30	30	30	30
Held by CAST Laboratories Pte Ltd					
Astar Laboratory Pte. Ltd. [(c)]	Provision of environmental engineering services, laboratory testing services and other related services/ Singapore	30	30	30	30

(a) Audited by RSM Chio Lim LLP, Singapore and member firms of RSM International.

(b) Audited by UTW (Myanmar) Limited, a member firm of Ernst & Young Global Limited.

(c) Audited by LL Ong & Co., Public Accountants and Chartered Accountant of Singapore.

(d) Audited by MGI Gideon Adi & Rekan, Public Accountants and Chartered Accountant of Indonesia.

(e) Audited by JAS & Rekan, Public Accountants and Chartered Accountant of Indonesia.

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

The above associates are accounted for using the equity method in these consolidated financial statements.

i. The financial year end date of Nylect International Pte. Ltd. is 31 December. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31 December 2019 and the unaudited consolidated management accounts for the intervening 6 month periods ended 30 June 2020 and 2019 have been used.

ii. On 1 May 2020, Lim Kim Hai Electric Co (S) Pte Ltd acquired 40% of shares in PT Elmecon Multikencana for a consideration of $500,000. The financial year end date of PT Elmecon Multikencana is 31 December. For the purposes of applying the equity method of accounting, the unaudited management accounts for the intervening period from 1 May 2020 to 30 June 2020 have been used.

iii. The group has significant influence over Nylect International Pte. Ltd. and Astar Laboratory Pte. Ltd. by virtue of the current board representation where the group has appointed one out of the three directors and the group has 30% voting interest.

iv. The group has significant influence over PT Elmecon Multikencana by virtue of the current board representation where the group has appointed one out of the three directors and the group has 40% voting interest.

13 ASSOCIATES (cont'd)

Summarised financial information in respect of the group's associate is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with SFRS(I), adjusted by the group for equity accounting purposes.

Nylect International Pte. Ltd. and its subsidiaries

	2020 $'000	2019 $'000
Current assets	40,178	39,512
Non-current assets	10,067	9,093
Current liabilities	(20,977)	(21,224)
Revenue	41,737	44,571
Profit for the year	2,154	5,358
Other comprehensive (loss) income for the year	(27)	54
Total comprehensive income for the year	2,127	5,412
Dividend received from the associate during the year	72	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2020 $'000	2019 $'000
Net assets of the associate	29,268	27,381
Proportion of the group's ownership interest in Nylect International Pte. Ltd. and its subsidiaries	30%	30%
Carrying amount of the group's interest in Nylect International Pte. Ltd. and its subsidiaries	8,780	8,214

PT Elmecon Multikencana

	2020 $'000
Current assets	2,073
Non-current assets	766
Current liabilities	(1,539)
Non-current liabilities	(312)
Revenue	979
Loss for the year	(16)
Other comprehensive loss for the year	(22)
Total comprehensive loss for the year	(38)

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

13 ASSOCIATES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2020 $'000
Net assets of the associate	988
Proportion of the group's ownership interest in PT Elmecon Multikencana	40%
Goodwill	90
Carrying amount of the group's interest in PT Elmecon Multikencana	485

Astar Laboratory Pte. Ltd.

	2020 $'000	2019 $'000
Current assets	1,022	1,130
Non-current assets	1,011	914
Current liabilities	(506)	(551)
Non-current liabilities	(122)	(123)
Revenue	2,061	1,879
Profit for the year, representing total comprehensive income for the year	35	2

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2020 $'000	2019 $'000
Net assets of the associate	1,405	1,370
Proportion of the group's ownership interest in Astar Laboratory Pte. Ltd.	30%	30%
Goodwill	512	512
Carrying amount of the group's interest in Astar Laboratory Pte. Ltd.	933	923

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold property $'000	Leasehold buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group							
Cost:							
At 1 July 2018	2,136	2,759	26,985	8,620	35,962	4,413	80,875
Additions	–	3	7,479	1,496	1,841	926	11,745
Currency realignment	(71)	(57)	(27)	(45)	(262)	(29)	(491)
Disposals	–	–	–	(64)	(59)	(288)	(411)
Write-offs	–	–	–	(116)	(94)	–	(210)
At 30 June 2019	2,065	2,705	34,437	9,891	37,388	5,022	91,508
Adoption of SFRS(I) 16	–	–	–	–	–	(354)	(354)
At 1 July 2019	2,065	2,705	34,437	9,891	37,388	4,668	91,154
Additions	–	–	7	707	2,963	370	4,047
Currency realignment	(9)	(7)	42	20	47	7	100
Disposals	–	–	–	(54)	(856)	(316)	(1,226)
Write-offs	–	–	–	(314)	(248)	–	(562)
At 30 June 2020	2,056	2,698	34,486	10,250	39,294	4,729	93,513
Accumulated depreciation:							
At 1 July 2018	–	530	13,675	6,063	23,839	2,607	46,714
Depreciation	–	77	759	1,184	2,511	701	5,232
Currency realignment	–	(16)	(6)	(30)	(140)	(14)	(206)
Disposals	–	–	–	(63)	(37)	(271)	(371)
Write-offs	–	–	–	(96)	(94)	–	(190)
At 30 June 2019	–	591	14,428	7,058	26,079	3,023	51,179
Adoption of SFRS(I) 16	–	–	–	–	–	(63)	(63)
At 1 July 2019	–	591	14,428	7,058	26,079	2,960	51,116
Depreciation	–	77	937	1,215	2,548	646	5,423
Currency realignment	–	(2)	9	15	36	4	62
Disposals	–	–	–	(52)	(627)	(315)	(994)
Write-offs	–	–	–	(238)	(227)	–	(465)
At 30 June 2020	–	666	15,374	7,998	27,809	3,295	55,142
Carrying amount:							
At 30 June 2020	2,056	2,032	19,112	2,252	11,485	1,434	38,371
At 1 July 2019	2,065	2,114	20,009	2,833	11,309	1,708	40,038
At 30 June 2019	2,065	2,114	20,009	2,833	11,309	1,999	40,329

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 July 2018	7,624	1,536	18,275	1,871	29,306
Additions	7,479	870	519	165	9,033
Disposals	–	–	–	(216)	(216)
At 30 June 2019	15,103	2,406	18,794	1,820	38,123
Additions	7	300	896	88	1,291
Disposals	–	(7)	(400)	–	(407)
Write-offs	–	(20)	–	–	(20)
At 30 June 2020	15,110	2,679	19,290	1,908	38,987
Accumulated depreciation:					
At 1 July 2018	7,091	1,069	13,105	1,343	22,608
Depreciation	284	207	887	210	1,588
Disposals	–	–	–	(216)	(216)
At 30 June 2019	7,375	1,276	13,992	1,337	23,980
Depreciation	461	384	977	203	2,025
Disposals	–	(6)	(357)	–	(363)
Write-offs	–	(8)	–	–	(8)
At 30 June 2020	7,836	1,646	14,612	1,540	25,634
Carrying amount:					
At 30 June 2020	7,274	1,033	4,678	368	13,353
At 30 June 2019	7,728	1,130	4,802	483	14,143

The group's leasehold land and buildings comprise the following:

Location	Title	Description
24 Gul Crescent Singapore 629531 [(a)]	Leasehold (52 years from 1 August 1980)	Land and factory building
22 Gul Crescent Singapore 629530 [(a)]	Leasehold (28 years 7 months from 31 December 2004)	Land and factory building
11 Gul Lane Singapore 629410 [(a)]	Leasehold (51 years 16 days from 16 July 1981)	Land and factory building
9 Gul Lane Singapore 629408 [(a)]	Leasehold (18 years 30 days from 1 December 2018)	Land and factory building

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Title	Description
27 Gul Avenue Singapore 629667 [(a)]	Leasehold (60 years from 1 July 1979)	Land and factory building
17 Tuas Avenue 8 Singapore 639232 [(a)]	Leasehold (60 years from 16 December 1995)	Land and factory building
53 Kallang Place Singapore 339177 [(a)]	Leasehold (60 years from 1 April 1976)	Industrial building
63 Hillview Avenue #10-21 Lam Soon Industrial Building Singapore 669569	Freehold	Flatted factory unit
The Canary Heights Binh Duong Boulevard Binh Hoa Ward Thuan An District Binh Duong Province, Vietnam	Leasehold (50 years from 14 July 2008)	Apartment unit
No. 20 VSIP II, Street 2, Vietnam Singapore Industrial Park 2 Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam [(a)]	Leasehold (50 years from 29 June 2006)	Land and factory building
PTD 37433, 37434 & 37444 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim, Malaysia [(a)]	Freehold	Land and factory building
Lot B Kawasan Perindustrian Beribi 1 Jalan Gadong BE1118 Bandar Seri Begawan Negara Brunei Darussalam [(a)]	Leasehold (20 years from 1 July 2012)	Land and factory building
The Central Sukajadi Block B1, No. 3A-5 Batam 29462, Indonesia	Leasehold (30 years from 5 August 2003)	Office shop lot

(a) The carrying amount of the group's leasehold land and buildings classified under right-of-use assets (Note 15) as at 30 June 2020 was $10,147,000 (1 July 2019 : $10,903,000).

The carrying amount of motor vehicles, office equipment, plant and machinery under finance leases for the group as at 30 June 2019 was $291,000.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

15 RIGHT-OF-USE ASSETS

The group leases several leasehold land and buildings, office equipment and motor vehicles. As at 30 June 2020, the average remaining lease term is between 2 months to 35 years.

The group has options to purchase certain equipment for a nominal amount at the end of the lease term. The group's obligations are secured by the lessors' title to the leased assets for such leases.

	Leasehold land and buildings $'000	Office Equipment $'000	Motor Vehicles $'000	Total $'000
Group				
Cost:				
At 1 July 2019	10,903	433	397	11,733
Additions	198	34	236	468
Currency realignment	5	–*	(1)	4
At 30 June 2020	11,106	467	632	12,205
Accumulated depreciation:				
At 1 July 2019	–	–	63	63
Depreciation	961	137	134	1,232
Currency realignment	(2)	–*	(1)	(3)
At 30 June 2020	959	137	196	1,292
Carrying amount:				
At 30 June 2020	10,147	330	436	10,913
At 1 July 2019	10,903	433	334	11,670

* Amount less than $1,000.

	Leasehold land $'000
Company	
Cost:	
At 1 July 2019 and 30 June 2020	5,104
Accumulated depreciation:	
At 1 July 2019	–
Depreciation	364
At 30 June 2020	364
Carrying amount:	
At 30 June 2020	4,740
At 1 July 2019	5,104

16 INVESTMENT PROPERTY

	Group $'000
Cost:	
At 1 July 2018	3,251
Currency realignment	(109)
At 30 June 2019	3,142
Currency realignment	(13)
At 30 June 2020	3,129
Accumulated depreciation:	
At 1 July 2018	92
Depreciation	51
Currency realignment	(4)
At 30 June 2019	139
Depreciation	51
Currency realignment	(1)
At 30 June 2020	189
Carrying amount:	
At 30 June 2020	2,940
At 30 June 2019	3,003

The investment property of the group as at 30 June 2020 is as follows:

Location	Title	Description
Lot 45101, PLO 158 Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor, Malaysia	Freehold	Commercial property for leasing

The property rental income from the group's investment property which is leased out under operating lease amounted to $177,000 (2019 : $171,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $16,000 (2019 : $10,000).

The fair value of the investment property as at 30 June 2020 amounted to $3,405,000 (2019 : $3,420,000) and had been determined on the basis of valuations carried out by an independent valuer having an appropriate recognised professional qualification.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

17 LEASEHOLD PREPAYMENTS

	Group $'000
At 1 July 2018	130
Less: Current portion included as prepayment (Note 8)	(3)
Currency alignment	(3)
At 30 June 2019	124
Adoption of SFRS(I) 16	(124)
At 1 July 2019 and 30 June 2020	–

Leasehold prepayments comprise prepaid land rentals for use of land in Vietnam. These are charged to profit or loss on a straight-line basis over the term of the relevant lease of approximately 50 years.

18 INTANGIBLE ASSETS

	Customer relationships $'000	Proprietary application software $'000	Total $'000
Group			
Cost:			
At 1 July 2018, 30 June 2019 and 2020	2,114	219	2,333
Accumulated amortisation:			
At 1 July 2018	1,491	219	1,710
Amortisation	232	–	232
At 30 June 2019	1,723	219	1,942
Amortisation	232	–	232
At 30 June 2020	1,955	219	2,174
Carrying amount:			
At 30 June 2020	159	–	159
At 30 June 2019	391	–	391

The amortisation expenses of the customer relationships and proprietary application software have been included in the line items 'selling and distribution expenses' and 'cost of sales' respectively in the consolidated statement of profit or loss and other comprehensive income. The average remaining amortisation period for the intangible assets is 1 year (2019 : 2 years).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

19 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred tax assets	93	106	–	–
Deferred tax liabilities	(1,253)	(1,587)	(560)	(660)

The major components giving rise to deferred tax assets and liabilities recognised by the group and the company and movements thereon during the year:

Deferred tax assets

	Provisions	Unutilised capital allowances	Total
	$'000	$'000	$'000
Group			
At 1 July 2018	89	4	93
Credit to profit or loss	10	4	14
Currency realignment	(1)	–	(1)
At 30 June 2019	98	8	106
Credit to profit or loss	(6)	(7)	(13)
Currency realignment	–*	–*	–
At 30 June 2020	92	1	93

* Amount less than $1,000.

Deferred tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
Group			
At 1 July 2018	(1,780)	(80)	(1,860)
Credit to profit or loss	239	27	266
Currency realignment	7	–	7
At 30 June 2019	(1,534)	(53)	(1,587)
Credit to profit or loss	300	32	332
Currency realignment	2	–*	2
At 30 June 2020	(1,232)	(21)	(1,253)

* Amount less than $1,000.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

19 DEFERRED TAX ASSETS (LIABILITIES) (cont'd)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $71.52 million (2019 : $65.28 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

	Accelerated tax depreciation $'000
Company	
At 1 July 2018	(671)
Credit to profit or loss	11
At 30 June 2019	(660)
Credit to profit or loss	100
At 30 June 2020	(560)

20 SHORT-TERM BANK BORROWINGS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Bank loan - secured	2,800	4,843	–	–
Trust receipts and bills payable to banks	17,748	20,768	9,679	10,494
	20,548	25,611	9,679	10,494

The group's short-term bank borrowings are secured by the following:

i) negative pledge over all assets of a subsidiary; and

ii) corporate guarantee of up to RM65.20 million ($21.20 million) [2019 : RM65.20 million ($21.29 million)], US$8.80 million ($12.26 million) [2019 : US$8.80 million ($11.91 million)] and $25.32 million (2019 : $24.32 million) by the company (Note 36).

The short-term bank borrowings bear fixed interest rates ranging from 1.09% to 3.81% (2019 : 2.10% to 3.70%) and 1.15% to 2.05% (2019 : 2.73%) for the group and company respectively per annum and are due within 12 months.

20 SHORT-TERM BANK BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities.

					Non-cash changes		
	30 June 2019	Adoption of SFRS(I) 16	1 July 2019	Financing cash flow	New leases	Foreign exchange movement	30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Short-term bank borrowings (Note 20)	25,611	–	25,611	(5,068)	–	5	20,548
Finance leases (Note 25)	249	(249)	–	–	–	–	–
Lease liabilities (Note 24)	–	11,326	11,326	(1,047)	468	1	10,748
	25,860	11,077	36,937	(6,115)	468	6	31,296

			Non-cash changes		
	1 July 2018	Financing cash flow	New leases	Foreign exchange movement	30 June 2019
	$'000	$'000	$'000	$'000	$'000
Short-term bank borrowings (Note 20)	19,753	6,195	–	(337)	25,611
Finance leases (Note 25)	–	(89)	342	(4)	249
	19,753	6,106	342	(341)	25,860

21 TRADE PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Outside parties	16,003	22,083	1,696	6,314
Related parties (Note 5)	23	4	2	–
Subsidiaries (Note 12)	–	–	17	3,336
Associates (Note 13)	5	136	–	–
	16,031	22,223	1,715	9,650

The average credit period on purchases of goods is 90 days (2019 : 90 days).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

22 OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Accruals [1]	5,068	5,393	1,161	1,259
Provision for directors' fees	138	200	63	63
Dividend payable to non-controlling interest	–	150	–	–
Deferred grant income	3,253	–	779	–
Sundry payables	849	1,137	380	389
Subsidiary (Note 12)	–	–	91	390
Total	9,308	6,880	2,474	2,101
Less: Non-current other payables	(159)	(115)	–	–
Current other payables	9,149	6,765	2,474	2,101

(1) Accruals mainly relate to accruals for staff costs.

Deferred grant income relates to the amounts granted to the group and the company under the Jobs Support Scheme initiative by the Singapore government, which is intended to defray certain manpower costs between the periods from April 2020. These amounts were received in April and May 2020 and recognised in the profit or loss subsequent to year end.

23 CONTRACT LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Amounts received in advance of delivery [i]	1,202	1,171	32	27
Amounts related to test and inspections contracts[ii]	–	65	–	–
	1,202	1,236	32	27

(i) Revenue is recognised when control of the goods has been transferred to the customer. A contract liability is recognised at the time of the initial payment by the customer and derecognised upon the delivery of goods to customers.

(ii) Contract liabilities relating to test and inspections contracts are recognised when advance billing is made to customer for ongoing contracts. A contract liability is recognised until the services have been provided to the customer.

There were no significant changes in the contract liability balances during the reporting period.

The following table shows how much of the revenue recognised in the current reporting period relates to brought–forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

23 CONTRACT LIABILITIES (cont'd)

Group's revenue recognised that was included in the contract liability balance at the beginning of the period:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Amounts received in advance of delivery	1,171	1,647	27	6
Amounts related to test and inspections contracts	65	84	–	–
	1,236	1,731	27	6

24 LEASE LIABILITIES (Group as a lessee)

(Disclosure required by SFRS(I) 16)	Group	Company
	2020	2020
	$'000	$'000
Maturity analysis:		
Year 1	1,509	464
Year 2	1,226	464
Year 3	963	464
Year 4	832	464
Year 5	832	464
Year 6 onwards	9,452	3,763
	14,814	6,083
Less: Unearned interest	(4,066)	(1,264)
	10,748	4,819
Analysed as:		
Current	1,137	324
Non-current	9,611	4,495
	10,748	4,819

The group does not face a significant liquidity risk with regard to its lease liabilities.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

25 OBLIGATION UNDER FINANCE LEASES

(Disclosure required by SFRS(I) 1-17)	Group	
	Minimum lease payments	**Present value of minimum lease payments**
	2019	**2019**
	$'000	**$'000**
Amounts payable under finance leases:		
Within one year	113	106
In the second to fifth year inclusive	147	143
	260	249
Less: Future finance charges	(11)	N/A
Present value of leases	249	249
Less: Amount due for settlement within 12 months (shown under current liabilities)		(113)
Amount due for settlement after 12 months		136

The group entered into finance leasing arrangements for certain of its motor vehicles, office equipment, plant and machinery.

The rates of interest for the finance leases were 2.58% to 13.10% for the group per annum.

At 1 July 2019, the finance leases were reclassified to lease liabilities (Note 24).

26 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	**$'000**
Issued and paid up capital:		
At 1 July 2018	438,242,791	56,288
Issue of share capital pursuant to Scrip Dividend Scheme (Note 35)	7,841,974	2,353
At 30 June 2019	446,084,765	58,641
Issue of share capital pursuant to Scrip Dividend Scheme (Note 35)	16,904,076	5,071
At 30 June 2020	462,988,841	63,712

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend.

27 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	**$'000**
At 1 July 2018, 30 June 2019 and 2020	2,727,000	950

28 RESERVES

Other reserves

Other reserves include share of post-acquisition reserve of associates and reserves arising from the acquisition of additional interests in subsidiaries.

In accordance with the relevant laws and regulations in People's Republic of China, the associate of the group is required to appropriate a minimum of 10% of the net profit after taxation after deducting losses carried forward reported in the statutory accounts to the statutory reserve until the balance of such reserve reached 50% of its registered share capital.

The amount to be set aside is determined by the Board of Directors annually in accordance with the relevant regulations. This reserve cannot be used for purposes other than those for which it is created and is not distributed as cash dividends but it can be used to offset losses or be capitalised as capital.

29 REVENUE

The group derives its revenue from the transfer of goods and services over time and at a point in time in the following major operating segments. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 39).

	Group	
	2020	2019
	$'000	$'000
At a point in time:		
Cable and wire distribution	154,910	219,369
Electrical material distribution	84,720	80,887
Test and inspections	10,005	11,960
Switchboard	5,445	4,883
Over time:		
Test and inspections	21,334	18,607
	276,414	335,706

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Group	
	2020	2019
	$'000	$'000
Test and inspections contracts	20,742	22,965

Management expects that 45% (2019 : 39%) of the transaction price allocated to the unsatisfied contracts as of 30 June 2020 will be recognised as revenue during the next reporting period amounting to $9,569,000 (2019 : $9,005,000). Of the remaining 55% (2019 : 61%), $10,569,000 (2019 : $12,241,000) will be recognised between financial years 2022 to 2025 (2019 : 2021 to 2024) and $967,000 (2019 : $1,719,000) in the financial year 2026 (2019 : 2025) onwards.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

30 OTHER OPERATING INCOME

	Group	
	2020	**2019**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	13	92
Gain on revaluation of quoted shares	2	–
Gain on foreign currency exchange	451	139
Interest income from deposits	78	21
Management fee (Note 5)	18	12
Rental of investment property (Note 16)	177	171
Scrap sales	647	949
Fair value adjustment on derivative financial instruments taken to profit or loss	2,642	437
Government grants	2,910	309
Others	635	432
	7,573	2,562

31 FINANCE COSTS

	Group	
	2020	**2019**
	$'000	**$'000**
Interest on bank borrowings	665	997
Interest on lease liabilities	424	–
Interest on obligations under finance lease	–	8
	1,089	1,005

32 INCOME TAX EXPENSE

	Group	
	2020	**2019**
	$'000	**$'000**
Income tax:		
Current	2,900	2,520
Over provision in prior years	(199)	(276)
	2,701	2,244
Deferred income tax:		
Current	(133)	(139)
Over provision in prior years	(186)	(141)
	(319)	(280)
Withholding tax	6	1
Total income tax expense	2,388	1,965

32 INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at 17% (2019 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2020	2019
	$'000	$'000
Profit before income tax	12,414	13,947
Income tax expense at domestic rate of 17% (2019 : 17%)	2,110	2,371
Non-deductible items	493	98
Deferred tax benefits not recognised	60	(5)
Over provision of taxation in prior years	(385)	(417)
Tax rebates	(102)	(104)
Effect of different tax rates of subsidiaries operating in other jurisdictions	189	90
Utilisation of deferred tax benefits previously not recognised	(143)	–
Withholding tax	6	1
Others	160	(69)
	2,388	1,965

The subsidiaries have tax loss carryforwards and temporary differences from capital allowance available for offsetting against future taxable income as follows:

	Group	
	2020	2019
	$'000	$'000
Unutilised capital allowance		
Balance at beginning of year	4,340	2,989
Movement during the year	692	1,351
Write-offs on liquidation	(2,989)	–
Balance at end of year	2,043	4,340
Unutilised donation		
Balance at beginning of year	–	–
Movement during the year	70	–
Balance at end of year	70	–
Tax loss carry forwards		
Balance at beginning of year	3,421	3,421
Write-offs on liquidation	(3,421)	–
Balance at end of year	–	3,421
Total	2,113	7,761
Deferred tax benefits on above:		
Unrecorded	359	1,319

Deferred tax benefit varies from the Singapore statutory rate as they include deferred tax on overseas operations.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

32 INCOME TAX EXPENSE (cont'd)

Certain deferred tax benefits have not been recognised as it is not probable that the relevant subsidiaries will have taxable profits in the foreseeable future to utilise the tax loss carryforwards and temporary differences from capital allowances.

The realisation of the future income tax benefit from the remaining tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to conditions imposed by law including the retention of majority shareholders as defined.

33 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2020	2019
	$'000	$'000
Directors' remuneration:		
- of the company	862	1,034
- of the subsidiaries	2,400	2,320
Total directors' remuneration	3,262	3,354
Directors' fee	317	399
Audit fees:		
- Auditors of the company	240	245
- Other auditors	37	35
Non-audit fees:		
- Auditors of the company	56	60
- Other auditors	5	4
Cost of inventories recognised as expense	208,343	263,425
Expense relating to short-term leases	1,008	–
Expense relating to leases of low value assets	61	–
Expense relating to minimum leases payment under operating leases	–	2,408
Foreign currency exchange adjustment gain	(451)	(139)
Property, plant and equipment written off	97	20
Inventories written off	413	236
(Reversal of) Allowance for inventories obsolescence	(25)	3
Bad debts written off	42	24
Loss allowance for trade and other receivables	1,014	1,731
Amortisation of leasehold prepayments	–	3
Depreciation of property, plant and equipment	5,423	5,232
Depreciation of investment property	51	51
Depreciation on right-of-use assets	1,232	–
Amortisation expense	232	232
Gain on disposal of property, plant and equipment	(13)	(92)
Employee benefits expense (including directors' remuneration)	41,245	42,234
Cost of defined contribution plans included in employee benefits expense	2,961	2,946

34 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

Earnings

	Group	
	2020	2019
	$'000	$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	9,702	11,749

Number of shares

	Group	
	2020	2019
Weighted average number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	452,410,221	436,675,973

35 DIVIDENDS

During the financial year ended 30 June 2020, the company declared and paid dividends totalling $10.102 million. Details were as follows:

(a) Final tax-exempt dividend of 1.50 cent per ordinary share in respect of the financial year ended 30 June 2019 totalling $6.650 million. $1.579 million of the dividend was paid via cash and the remaining $5.071 million was paid via the issue of scrip dividend (Note 26); and

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2020 totaling $3.452 million.

During the financial year ended 30 June 2019, the company declared and paid dividends totalling $9.800 million. Details were as follows:

(a) Final tax-exempt dividend of 1.50 cent per ordinary share in respect of the financial year ended 30 June 2018 totalling $6.533 million; and

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2019 totaling $3.267 million. $0.914 million of the dividend was paid via cash and the remaining $2.353 million was paid via the issue of scrip dividend (Note 26).

Subsequent to 30 June 2020, the directors of the company recommended that a final tax-exempt dividend be paid at 0.75 cent per ordinary share totalling $3.452 million for the financial year ended 30 June 2020. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

36 CONTINGENT LIABILITIES

	Company	
	2020	**2019**
	$'000	**$'000**
Corporate guarantee in relation to credit facilities granted to subsidiaries (Note 20)	10,911	15,117

37 COMMITMENTS

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	75,275	63,858

38 OPERATING LEASE ARRANGEMENTS

Group as a lessee

Disclosure required by SFRS(I) 16

At 30 June 2020, the group is committed to $435,000 for short-term leases.

Disclosure required by SFRS(I) 1-17

At 30 June 2019, the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	**Company**
	2019	**2019**
	$'000	**$'000**
- Within one year	1,482	477
- In the second to fifth year inclusive	3,988	1,879
- After five years	10,657	4,225
	16,127	6,581

Operating lease payments represent rentals payable for certain of its factory and office premises and equipment. Leases are negotiated for an average term of 40 years and rentals are fixed for an average of 2 years.

38 OPERATING LEASE ARRANGEMENTS (cont'd)

Group as a lessor

Disclosure required by SFRS(I) 16

Operating leases, in which the group is the lessor, relate to investment property owned by the group with lease terms of 2 to 3 years, with 2 years extension options. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the group.

Maturity analysis of operating lease payments:

	Group
	2020
	$'000
Year 1	153
Year 2	20
Total	173

Disclosure required by SFRS(I) 1-17

During the year ended 30 June 2019, property rental income earned was $171,000.

At the end of the reporting period, the group had contracted with tenants for the following future minimum lease payments:

	Group
	2019
	$'000
- Within one year	179
- In the second to fifth year inclusive	140
	319

39 SEGMENT INFORMATION

The group has the following five strategic units, which are its reportable segments. These units offer different products and services, and are managed separately because they sell different products or services and have their own marketing strategies. The group's CEO (the chief operating decision maker) reviews internal management reports of each unit at least quarterly. The following summary describes the operations in each of the group's reportable segments:

- *Cable & Wire*. Includes cable and wire manufacturing and dealing in such products.
- *Electrical Material Distribution*. Includes distribution of electrical products.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

39 SEGMENT INFORMATION (cont'd)

- *Test & Inspection*. Includes laboratories for tests, experiments and researches and provision of quality consultancy services.
- *Switchboard*. Includes manufacturing and dealing in electrical switchboards, feeders pillars and components.
- *Others*. Investment holding.

Accordingly, the above are the group's reportable segments under SFRS(I) 8. No operating segments have been aggregated to form the above reportable operating segments. Information regarding the group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the group's chief operating decision maker on a similar basis.

	Cable & wire	Electrical material distribution	Test & inspection	Switch-board	Others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue and results							
2020							
REVENUE							
External sales	154,910	84,720	31,339	5,445	–	–	276,414
Inter-segment sales	460	16	45	–	–	(521)	–
Total revenue	155,370	84,736	31,384	5,445	–	(521)	276,414
RESULT							
Segment result	6,663	3,221	2,508	395	(12)	–	12,775
Interest expense	(690)	(162)	(228)	(9)	–	–	(1,089)
Interest income	66	1	11	–	–	–	78
Share of profit of associates	–	640	10	–	–	–	650
Income tax expense							(2,388)
Non-controlling interests							(324)
Profit attributable to shareholders of the company							9,702
2019							
REVENUE							
External sales	219,369	80,887	30,567	4,883	–	–	335,706
Inter-segment sales	832	30	5	–	–	(867)	–
Total revenue	220,201	80,917	30,572	4,883	–	(867)	335,706
RESULT							
Segment result	6,846	3,623	2,553	330	(29)	–	13,323
Interest expense	(863)	–	(142)	–	–	–	(1,005)
Interest income	19	1	1	–	–	–	21
Share of profit of associates	–	1,607	1	–	–	–	1,608
Income tax expense							(1,965)
Non-controlling interests							(233)
Profit attributable to shareholders of the company							11,749

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

39 SEGMENT INFORMATION (cont'd)

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $521,000 (2019 : $867,000) during the year.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of income tax expense and non-controlling interests. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

SEGMENT ASSETS

	Cable & wire $'000	Electrical material distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Total $'000
Segment assets						
2020						
Segment assets	144,096	50,226	30,744	3,583	979	229,628
Interest in associates	–	9,265	933	–	–	10,198
Unallocated segment assets	3,511	–	45	1	–	3,557
Consolidated total assets						243,383
2019						
Segment assets	147,732	45,090	30,166	3,204	167	226,359
Interest in associates	–	8,214	923	–	–	9,137
Unallocated segment assets	1,018	–	71	–	–	1,089
Consolidated total assets						236,585

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than the deferred tax assets.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2020

39 SEGMENT INFORMATION (cont'd)

	Cable & wire $'000	Electrical material distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Total $'000
Other segment information						
2020						
Additions to non-current assets	1,747	335	1,943	22	–	4,047
Depreciation and amortisation	3,193	1,036	2,673	36	–	6,938
Non-cash expenses (income) other than depreciation and amortisation	(2,364)	333	467	5	(8)	(1,567)
2019						
Additions to non-current assets	9,213	380	2,097	55	–	11,745
Depreciation and amortisation	2,376	829	2,293	17	–	5,515
Non-cash expenses (income) other than depreciation and amortisation	616	479	272	(21)	1	1,347

Geographical information

The group operates in five (2019 : five) principal geographical areas - Singapore, Malaysia, Vietnam, Brunei and Indonesia (2019 : Singapore, Malaysia, Vietnam, Brunei and Indonesia).

The group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates and deferred tax assets) by geographical location are detailed below:

	Revenue $'000	Non-current Assets $'000
2020		
Singapore	217,253	39,354
Malaysia	27,778	9,706
Vietnam	11,729	87
Brunei	6,843	2,107
Indonesia	7,440	1,141
Others	5,371	–
	276,414	52,395

39 SEGMENT INFORMATION (cont'd)

Geographical information (cont'd)

	Revenue $'000	Non-current Assets $'000
2019		
Singapore	245,330	32,974
Malaysia	37,395	8,078
Vietnam	33,407	1,930
Brunei	8,922	–
Indonesia	6,806	976
Others	3,846	–
	335,706	43,958

40 SUBSEQUENT EVENT

Subsequent to the year ended 30 June 2020, the group has:

- incorporated a new wholly-owned subsidiary, CAST Laboratories (Cambodia) Co., Ltd ("CASTLab Cambodia"), in the Kingdom of Cambodia. The registered share capital of CASTLab Cambodia of US$2.40 million (equivalent to $3.27 million) comprising 10,000 new shares are issued and fully paid up. CASTLab Cambodia's principal activities are those of laboratory testing, project inspection and product certification services in the Kingdom of Cambodia.

- entered into a Sales & Purchase Agreement to purchase the flatted factory unit at 63 Hillview Avenue, #08-19 Lam Soon Industrial Building, Singapore 669569. The consideration sum of $3,485,000 has been paid in full.

41 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the group and company were issued but not effective:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to SRFS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

- Amendments to SRFS(I) 3 *Business Combinations: Definition of a Business*

- Amendments to References to the Conceptual Framework in SRFS(I) Standards

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I), SFRS(I) INT and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

ANALYSIS OF SHAREHOLDINGS

As at 17 September 2020

NUMBER OF ISSUED SHARES	:	462,988,841
NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	460,261,841
NUMBER / PERCENTAGE OF TREASURY SHARES	:	2,727,000 (0.59%)
NUMBER / PERCENTAGE OF SUBSIDIARY HOLDINGS	:	Nil
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 17 SEPTEMBER 2020

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	82	2.37	2,953	0.00
100 - 1,000	262	7.56	181,086	0.04
1,001 - 10,000	1,226	35.36	7,619,188	1.66
10,001 - 1,000,000	1,857	53.56	112,170,913	24.37
1,000,001 and above	40	1.15	340,287,701	73.93
Total:	3,467	100.00	460,261,841	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 17 SEPTEMBER 2020

No.	Name of shareholders	No. of shares	%
1	LIM BOON HOCK BERNARD	69,893,941	15.19
2	LIM BOON CHIN BENJAMIN (LIN WENJIN BENJAMIN)	43,004,855	9.34
3	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	30,204,134	6.56
4	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	28,540,925	6.20
5	LIM CHAI LAI	16,802,867	3.65
6	LIM LIAN HIONG	15,335,628	3.33
7	LIM HIANG LAN	12,174,738	2.65
8	LIM PHEK CHOO CONSTANCE	10,601,386	2.30
9	DBS NOMINEES PTE LTD	10,432,969	2.27
10	LIM LIAN ENG	8,919,850	1.94
11	CHAN KUM LIN CAROLYN	8,801,471	1.91
12	CHEN LAWRENCE LI	7,090,001	1.54
13	AU AH YIAN	6,608,173	1.44
14	CHIA AH HENG	6,000,000	1.30
15	GERALDINE CHENG HUA YONG	5,986,937	1.30
16	GERALD CHENG KAI YONG (ZHONG KAIYANG)	5,232,191	1.14
17	YEN TSUNG HUA	5,122,140	1.11
18	CITIBANK NOMINEES SINGAPORE PTE LTD	4,277,414	0.93
19	PHILLIP SECURITIES PTE LTD	4,232,718	0.92
20	KHALID S/O FAIZ MOHAMED	3,674,401	0.80
		302,936,739	65.82

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 39.83% of the equity securities of the company excluding preference shares and convertible securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer’s equity securities to be held by the public.

ANALYSIS OF SHAREHOLDINGS

As at 17 September 2020

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 17 SEPTEMBER 2020 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares	
Name	**Shareholdings registered in the name of Substantial Shareholders**	**Shareholdings in which Substantial Shareholders are deemed to have an interest**
Mr. Lim Boon Hock Bernard [1]	69,893,941	3,616,195
Mdm. Pang Yoke Chun [2]	3,616,195	69,893,941
Mr. Lim Boon Chin Benjamin	43,004,855	NIL
Mr. Lim Chye Huat @ Bobby Lim Chye Huat	30,204,134	NIL
Mr. Lim Boon Hoh Benedict [3]	28,540,925	401,000
Guah Li Mei, Joanna [4]	401,000	28,540,925
Mr. Lim Chai Lai @ Louis Lim Chai Lai [5]	16,802,867	8,801,471
Mdm. Chan Kum Lin [6]	8,801,471	16,802,867

Notes:-

(1) Mr. Lim Boon Hock Bernard is deemed to have an interest in the 3,616,195 shares held by his wife, Mdm. Pang Yoke Chun.

(2) Mdm. Pang Yoke Chun is deemed to have an interest in the 69,893,941 shares held by her husband, Mr. Lim Boon Hock Bernard.

(3) Mr. Lim Boon Hoh Benedict is deemed to have an interest in the 401,000 shares held by his wife, Mdm. Guah Li Mei, Joanna.

(4) Mdm. Guah Li Mei, Joanna is deemed to have an interest in the 28,540,925 shares held by her husband, Mr. Lim Boon Hoh Benedict.

(5) Mr. Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 8,801,471 shares held by his wife, Mdm. Chan Kum Lin.

(6) Mdm. Chan Kum Lin is deemed to have an interest in the 16,802,867 shares held by her husband, Mr. Lim Chai Lai @ Louis Lim Chai Lai.

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tai Sin Electric Limited will be held via electronic means on Thursday, 29 October 2020 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 30 June 2020 together with the Auditors' Report thereon.

2. To declare a final one-tier tax exempt dividend of $0.0075 per ordinary share for the year ended 30 June 2020.

3. To approve the payment of up to $253,000 as Directors' fees for the year ending 30 June 2021. (2020 : $253,000)

4. To re-elect the following Directors retiring pursuant to the Constitution of the Company:-

   (a) Mr. Lim Chye Huat @ Bobby Lim Chye Huat; and

   (b) Mr. Renny Yeo Ah Kiang.

5. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

6. **Authority to issue new shares and/or convertible instruments**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to issue shares in the capital of the Company whether by way of rights, bonus or otherwise ("shares") and/or make or grant offers, agreements or options that might or would require shares to be issued ("Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time, to such persons, upon such terms and conditions and for such purposes, as the Directors may in their absolute discretion deem fit, provided that:-

   (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company;

   (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed, after adjusting for:-

      (a) new shares arising from the conversion or exercise of any convertible securities or employee share options that are outstanding when this Resolution is passed; and

      (b) any subsequent bonus issue, consolidation or subdivision of shares; and

   (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

7. **Authority to issue new shares pursuant to Scrip Dividend Scheme**

   "That the Directors of the Company be and are hereby authorised for the purposes of, in connection with or where contemplated by the Tai Sin Electric Limited Scrip Dividend Scheme to:-

   (i) allot and issue from time to time shares in the capital of the Company ("Shares") and/or make or grant offers, agreements or options that might or would require Shares in the capital of the Company to be issued during the continuance of this authority or thereafter, at any time and upon such terms and conditions and to or with such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

   (ii) issue Shares in the capital of the Company in pursuance of any offer, agreement, or option made or granted by the Directors of the Company while such authority was in force (notwithstanding that such issues of such Shares pursuant to the offer, agreement or option may occur after the expiration of the authority contained in this Resolution)."

8. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 14 October 2020

Explanatory Notes:

(1) The ordinary resolution proposed in item 3 above, is to facilitate payment of Directors' fees to Non-executive Directors on a continuing "asearned" current year basis, for the financial year ending 30 June 2021 ("FY 2021").

If shareholders' approval is obtained for this proposal, payment of Directors' fees to the Non-executive Directors will be pro-rated or apportioned accordingly and made on or after the last day of each quarter in FY 2021 in respect of the period then ended. If, for unforeseen reasons, payments are required to be made to Directors in excess of the amount proposed in item 3, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

(2) Mr. Lim Chye Huat @ Bobby Lim Chye Huat who retires by rotation under Article 91 of the Constitution of the Company, is considered by the Board of Directors as a non-executive, non-independent director, and if re-elected under item 4(a) above, will remain as Chairman of the Board of Directors and a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee.

(3) Mr. Renny Yeo Ah Kiang who retires by rotation under Article 91 of the Constitution of the Company, is considered by the Board of Directors as an independent director, and if re-elected under item 4(b) above, will remain as Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee.

(4) The ordinary resolution proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue new shares or instruments convertible into shares in the Company subject to the limits imposed by the Resolution, for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(5) The ordinary resolution proposed in item 7 above, if passed, will authorise the Directors of the Company to issue shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme principally to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

Important Notes:

Participation in the Annual General Meeting ("AGM") via live webcast or live audio-only stream

In view of the ongoing COVID-19 situation, the AGM is being convened, and will be held via 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.

The pre-registration procedure for the AGM is as follows:

(a) shareholders who wish to participate in the AGM via Live Webcast or Live Audio-Only Stream must register their details including full name, NRIC/Passport/Company Registration Number, email address and contact number on the Company's AGM pre-registration website at the URL http://taisin.listedcompany.com/agm.html which is also accessible by scanning the QR code below, by 10.00 a.m. on Monday, 26 October 2020 ("**Registration Deadline**") for the Company to verify their status as shareholders;

(b) verified shareholders will receive an email by 2.00 p.m. on Wednesday, 28 October 2020 containing instructions to access the Live Webcast or Live Audio-Only Stream. Shareholders must not forward the link or their log-in details to third persons who are not shareholders and who are not entitled to attend the AGM proceedings; and

(c) shareholders who do not receive an email by 2.00 p.m. on Wednesday, 28 October 2020 but have registered before the Registration Deadline should email to: agm@taisin.com.sg for assistance.

Submission of questions prior to the AGM

Shareholders who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance before the Registration Deadline, through the Company's AGM pre-registration website mentioned above or by post to the registered office of the Company at 24 Gul Crescent, Singapore 629531.

The Company will endeavour to upload the Company's response to substantial queries from shareholders on SGXNET and the Company's AGM pre-registration website mentioned above, before the AGM and in any case, by Wednesday, 28 October 2020.

Consequently, the Company will not be addressing any questions during the Live Webcast and Live Audio-Only Stream.

Voting by proxy

A shareholder will not be able to vote through the Live Webcast and Live Audio-Only Stream. Voting is only through submission of the proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The accompanying proxy form for the AGM may be accessed from the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's AGM pre-registration website mentioned above.

The instrument appointing the Chairman of the AGM as proxy must be:

(a) deposited at the registered office of the Company at 24 Gul Crescent, Singapore 629531; or

(b) emailed to: agm@taisin.com.sg;

not less than forty-eight (48) hours before the time appointed for holding the AGM. Any incomplete/improperly completed proxy form (including proxy form which is not appointing "Chairman of the Meeting" as proxy) will be rejected by the Company.

For CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM.

Annual Report

The Annual Report for the financial year ended 30 June 2020 can be assessed from the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's AGM pre-registration website mentioned above.

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

AGM Pre-registration website QR Code

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
Date of appointment	8 May 1997	1 July 2018
Date of last re-appointment (if applicable)	31 October 2018	31 October 2018
Age	75	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee and the performance and contribution of Mr. Lim Chye Huat @ Bobby Lim Chye Huat during his tenure in office. He has been instrumental in leading the Group to profitability and growth since 1997. The Management continues to seek his advice and tap on his extensive industry experience and business acumen when critical strategic decisions are made. The Board after review has concluded that Mr. Bobby Lim is well qualified and suitable for re-election as a Non-Executive and Non-Independent Director of the Company.	The Board has considered, among others, the recommendation of the Nominating Committee and the performance and contribution of Mr. Renny Yeo Ah Kiang during his tenure in office. His requisite experience and capabilities in the cable and wire industry and other businesses strengthens the competencies and enhances the Board's collective skills and experience as a whole. The Board after review has concluded that Mr. Renny Yeo Ah Kiang is well qualified and suitable for re-election as Independent Director of the Company.
Whether appointment is executive, and if so, area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.):	• Non-executive, Non-independent Chairman • Audit and Risk Committee Member • Nominating Committee Member • Remuneration Committee Member	• Independent Director • Nominating Committee Chairman • Audit and Risk Committee Member • Remuneration Committee Member
Professional Qualifications	• Honorary Fellow of Singapore Institute of Engineering Technologies • Fellow of the Chartered Management Institute, United Kingdom	• Higher National Diploma (HND) in Electrical & Electronic Engineering, Southampton College of Technology, United Kingdom • Master in Management (MBA), Asia Institute of Management, Philippines

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
Working experience and occupation(s) during the past 10 years:	• Managing Director of Tai Sin Electric Limited from October 1997 to July 2013. • Executive Director of Tai Sin Electric Limited from July 2013 to June 2016. • Non-executive and Non-independent Director of Tai Sin Electric Limited from July 2016 to October 2018. • Non-executive and Non-independent Chairman of Tai Sin Electric Limited since November 2018.	• Current Independent Director of Zicom Holdings Pte Ltd / Zicom Group Limited assuming role and responsibilities of Independent Director, Member of Nomination and Remuneration Committee. • Current Chairman of The Singapore Accreditation Council-SAC (Enterprise Singapore), helping SAC fulfil its mission of delivering a robust accreditation framework and international recognition of SAC accreditation. • Emeritus President of Singapore Manufacturing Federation, giving advice and guidance on various issues concerning the management, strategic direction of the association and also provide industry input to the government to benefit its members. • Non-Executive Director of KPH Properties Holdings Sdn Bhd and its subsidiaries in Malaysia. • Non-Executive Director of Biosanapharma BV in the Netherlands. • Former Board Member of the Enterprise Singapore • Former Member of the Future Economy Council Manufacturing Sub-committee (FEC) • Former Member of the National Productivity & Continuing Education Council (NPCEC)/ National Productivity Council (NPC) • Former Advisor of Electrical & Electronic Product Standards Committee (Enterprise Singapore) • Former Member of SMF (Singapore Manufacturing Federation) Board of Governors.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
Shareholding / Interest / Share Options in the listed issuer and its subsidiaries:	• Direct interest in 30,204,134 Tai Sin shares	No
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:	• Mr. Lim Boon Hock Bernard - Son • Mdm. Pang Yoke Chun - Daughter-in-law • Mr. Lim Boon Chin Benjamin - son • Mr. Lim Boon Hoh Benedict - Son • Mdm. Guah Li Mei Joanna - Daughter-in-law • Mr. Lim Chai Lai @ Louis Lim Chai Lai - Brother • Mdm. Chan Kum Lin - Sister-in-law • Mdm Lim Lian Eng Sharon - Sister • Mr Chia Ah Heng - Brother-in-law	None
Conflict of interest (including any competing business):	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule704(7))	Yes	Yes
Other principal commitments including Directorships - Past (for the last five years)	• LKH Precicon Pte Ltd • Numoni Pte Ltd • P-Parking International Pte Ltd • Tai Sin (Vietnam) Pte Ltd • Tai Sin Electric Cables (Malaysia) Sdn Bhd	• OEL (Holdings) Ltd • Sin Heng Heavy Machinery Ltd • Masquad Lifestyles Pte Ltd • Board Member of Enterprise Singapore • Member of Future Economy Council Manufacturing Sub-committee (FEC) • Member of National Productivity & Continuing Education Council (NPCEC)/National Productivity Council (NPC) • Member of SMF Board of Governors • Advisor of Electrical & Electronic Product Standards Committee (Enterprise Singapore)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
Other principal commitments including Directorships - Present	• Cadi Scientific Pte Ltd • Heating Equipment Pte Ltd • Hubline Berhad • Lim Kim Hai Electric Co (S) Pte Ltd • Patron of Toa Payoh East – Novena CCC	• Biosanapharma BV • Bonanza Venture Holdings Sdn Bhd • Hydroball Technics (SEA) Pte Ltd • Hydroball Technics Holdings Pte Ltd • Kay Lim Holdings Sdn Bhd • KayLim Resources Berhad (formerly known as KayLim Philanthropic Resources Berhad) • Kinta Properties Holdings Sdn Bhd • Masquad Pte Ltd • Nubio Invest Pte Ltd • Passat Commercial Pte Ltd • Zicom Group Limited • Zicom Holdings Pte Ltd • Chairman of Singapore Accreditation Council (Enterprise Singapore) • Emeritus President of Singapore Manufacturing Federation (SMF) • Member of School Advisory Committee - Greenridge Secondary School
(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 or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
(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 was a director or an equivalent person or a key executive, at the time when he 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 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
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he 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 is aware) for such purpose?	No	No
(e) Whether he 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 is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
(f) Whether at any time during the last 10 years, judgment has been entered against him 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 part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he 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
(h) Whether he 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
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	Mr. Renny Yeo Ah Kang
(j) Whether he has ever, to his 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 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 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 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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

TAI SIN ELECTRIC LIMITED
Incorporated in the Republic of Singapore
Company Registration No: 198000057W

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, via 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.
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 and live audio-only stream), submission of questions by Members in advance, addressing of substantial and relevant questions by the Company and voting by appointing the Chairman of the AGM as proxy of Members, are set out in the Notice of AGM.
3. In view of the ongoing COVID-19 situation, Members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.
4. If a CPF or SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach their respective CPF Agent Banks or SRS Operators to submit his/her votes at least seven (7) working days before the AGM.
5. 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 vote on his/her/its behalf at the AGM.

I/We ____ (Name)

NRIC/Passport/Company Registration No. ____

of ____ (Address)

being a Member/Members of Tai Sin Electric Limited hereby appoint the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held **via live webcast and live audio-only stream on Thursday, 29 October 2020 at 10.00 a.m**. and at any adjournment thereof. I/We direct my/our proxy to vote for, against or to abstain from voting the Resolutions proposed at the AGM as indicated hereunder. In appointing the Chairman of the AGM as proxy, a Member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Voting will be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of Directors' Statement and Audited Financial Statements			
2.	Declaration of Final Dividend			
3.	Approval of Directors' Fees for year ending 30 June 2021			
4.	(a) Re-election of Mr. Lim Chye Huat @ Bobby Lim Chye Huat as a Director			
	(b) Re-election of Mr. Renny Yeo Ah Kiang as a Director			
5.	Re-appointment of Auditors and fixing their remuneration			
6.	As special business - approving the Mandate for the Directors to issue new shares and/or convertible instruments			
7.	As special business - authorising the Directors to issue new shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme			

Dated this __________ day of ____________________ 2020.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal of Corporate Member

IMPORTANT:
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by you.

2. Members will not be able to attend the AGM in person and will also not be able to vote through the live webcast and live audio-only stream. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf 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 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.

3. Members who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, (Chapter 50).

   CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM.

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

5. The Proxy Form 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 Proxy Form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where the Proxy Form appointing Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

6. The Proxy Form must be submitted to in the following manner:

   (a) if submitted by post, be lodged at the registered office of the Company at 24 Gul Crescent, Singapore 629531; or

   (b) if submitted electronically, be submitted via email to: agm@taisin.com.sg

   in either case, by 27 October 2020, 10.00 a.m., being 48 hours before the time fixed for the AGM.

   A Member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

General:

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 October 2020.

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