Tai Sin®

DELIVERING SOLUTIONS FOR A SUSTAINABLE FUTURE

TAI SIN ELECTRIC LIMITED

ANNUAL REPORT 2017

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Delivering Solutions for a Sustainable Future

Sustainability runs deep within Tai Sin. We endeavour to make a difference through our solutions, products and services, while creating value that guides us to a viable direction towards growth.

At Tai Sin, we believe that to effectively anticipate various changes and challenges, one must be able to adapt and evolve, and embrace innovation as a key driver for development.

Putting transformational ideas at the heart of our activities pushes us to break new ground, and empower our constant pursuit for greater progress.

Our course towards a better and safer tomorrow is driven by the three key tenets of our Sustainability Living Plan; building a business that values quality and service excellence, maintaining a firm commitment toward environmental efficiency, and contributing vital solutions to society. We consider this as a perfect synergy of strengths which generates dynamic growth.

The foundation of our business initiates the pace of the journey ahead, and keeps us going strong as we continue advancing forward. As it moves into the future, Tai Sin will continue to execute strategies that will enable it to fully realise its vision in Singapore while seizing boundless opportunities beyond.

OPENING UP TOWARDS NEW OPPORTUNITIES BEYOND

Over the years, Tai Sin has exhibited resilience, prudence and foresight in its journey towards sustainability. By actively seeking new opportunities and reinforcing our competitive advantage, we are able to strengthen our presence in the ASEAN region and pursue endeavours to synergise greater progress.

At Tai Sin, our practices are constantly being developed and perfected to the highest of standards, enabling us to build on our assets and create greater value. We strive to further enhance our established capabilities in safety and quality, as well as fulfil our vision of bringing Tai Sin further and higher. With our track record and commitment to excellence, we continually challenge ourselves to reach greater limits.

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 35 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, and 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 and Indonesia.

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 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 to international quality regulations.

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.

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.

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 segments, to deliver a focused collective solution to its customers.

CABLE & WIRE (C&W)

Design, development, manufacture and trading of cables and wires. These includes 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)

Focuses on supplying products and services to a wide range of industries which includes industrial automation, maintenance, repair and 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. These include low voltage main and sub switchboards, distribution boards and control panels, amongst others.

- PKS Sdn Bhd

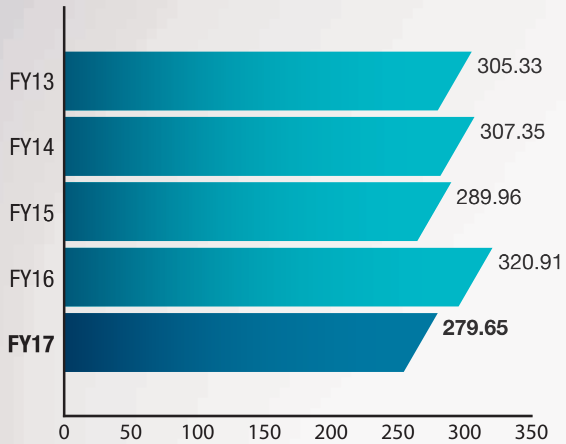
TEST & INSPECTION (T&I)

Provides more than 250 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.

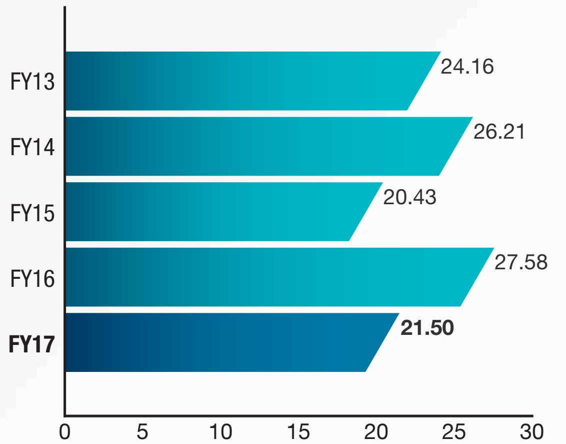
- CAST Laboratories Pte Ltd
- CASTconsult Sdn Bhd
- PT CAST Laboratories Indonesia

FINANCIAL HIGHLIGHTS

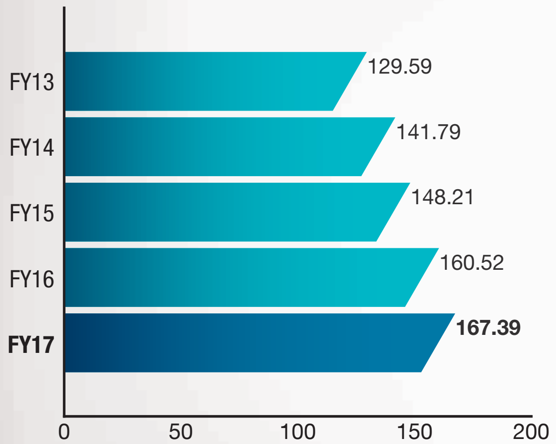
Turnover
(S$'m)



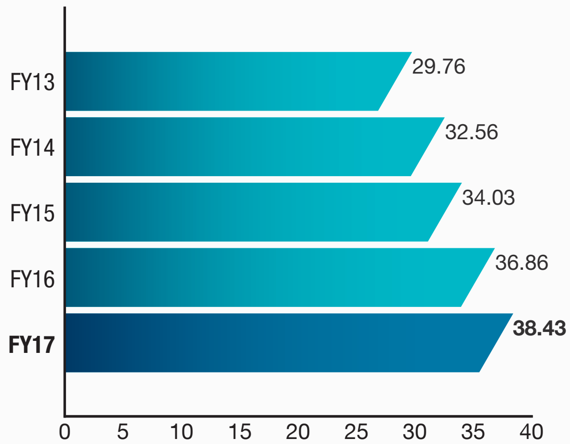
Profit Before Income Tax
(S$'m)



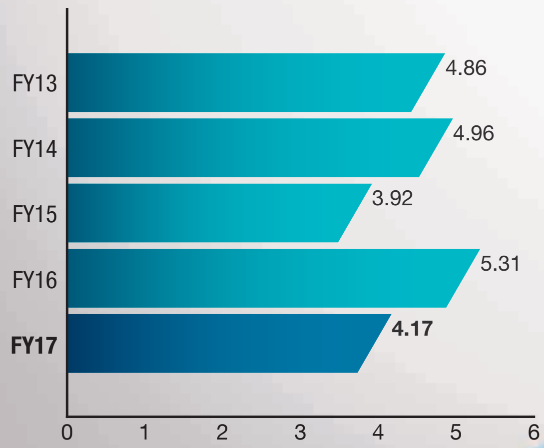
Shareholder's Funds
(S$'m)



Net Asset Value Per Share
(cents)



Earnings Per Share
(cents)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The Tai Sin Electric Group is a home-grown company with a proud tradition of dedication, hard work and prudence in operational and financial management. This business ethos has sustained us and helped to build the business over the last 37 years to what it is today.

For many years, the Group has derived its income mainly from sales in Singapore, Malaysia, Vietnam and Brunei until five years ago when we made concerted efforts to bring our brand further afield into other neighbouring countries.

Our business in the new markets, such as in Indonesia, Cambodia, Myanmar, Thailand and the Philippines, are still fledgling, but we are poised to ride on their economic growth in the years ahead.

The Volatility, Uncertainty, Complexity and Ambiguity of previous years had accompanied us into 2017, further sustaining the economic slowdown that was earlier triggered by the sharp fall in oil prices from mid-2014.

As a result, the local construction and manufacturing sectors on which the Group depends on for growth had continued to stagnate and new projects were scarce.

For the year ended 30 June 2017, the Group's sales revenue totaled $279.65 million, compared to $320.91 million in 2016. Of the four business units, only our Electrical Material Distribution ("EMD") segment saw an increase in revenues for the year.

Our Cable & Wire ("C&W") segment continued as main revenue contributor, with sales of $174.91 million, a drop of 19% from $216.85 million in the previous year. EMD's sales rose 4% to reach $72.54 million, while revenue for the Test & Inspection ("T&I") segment slid a tad to $27.02 million, from $27.13 million in 2016.

Profit before tax ("PBT") was $21.50 million, compared to $27.58 million in 2016, with all four business units reporting positive bottom line.

"the slowdown in the property market and decline in the number of major public sector developments had a strong impact on total sales revenue in the year under review."

Cash and cash equivalents was $22.08 million, compared to the previous year, a drop of 35% due to acquisition of all minority shares in CAST Laboratories Pte Ltd ("CLPL"), investment property in Malaysia and repayment of short-term bank borrowings net during the year. Inventories climbed by 4% to $63.59 million. Short-term borrowings were reduced substantially by 73% to $9.99 million, due to repayment of short-term borrowings.

Trade receivables were lower at $80.80 million, compared to the previous year. A bigger allowance of $1.34 million was made for doubtful receivables.

During the financial year, the Group acquired the remaining 20.9% of the share it did not already own in CLPL, for a consideration of $3.4 million, to allow the T&I segment to have greater latitude in its pursuit of growth and better returns from its Singapore operations.

UNCERTAINTIES AND VOLATILITY CONTINUE TO HAMPER GROWTH

As the mainstay of the Group's business is primarily from construction and infrastructure projects in Singapore, the slowdown in the property market and decline in the number of major public sector developments had a strong impact on total sales revenue in the year under review.

There were fewer construction projects awarded in FY2017, and going forward it is anybody's guess when the private sector market would pick up and whether more public projects would be launched.

The better outlook for manufacturing in the first half of 2017 did not offer any consolation, as the chemical, oil & gas, and offshore & marine clusters were still in downturn mode.

For the whole of 2017, the government has projected Singapore's economic growth at the higher end of the 2-3% band. However, political uncertainties around the world and increased nationalistic trade tendencies, coupled with unstable economic developments in major developing countries, continue to dampen business sentiments.

LOOKING OUTWARDS TO SUPPORT GROWTH

All the core Tai Sin operating units have in recent years directed more of their energy and resources to growing their export business, and have made small but encouraging progress. For C&W segment, continued efforts have been made to increase exports from Singapore, as well as boost local sales in Malaysia and Vietnam subsidiaries where they have cable and wire production plants.

The EMD segment is further developing its nascent export business, having successfully broken into the Myanmar market. It will further build on its relationships with Singapore contractors to vie for projects in other Southeast Asian countries.

The T&I segment has built a good reputation in Malaysia and Indonesia, having worked with established contractors and engineering procurement and construction companies. Its initial success in Batam has helped it to expand into other states in Indonesia's oil & gas and infrastructure businesses for its non-destructive testing ("NDT") and heat treatment ("HT") services. In Malaysia, it has reinforced its presence in Johor by expanding its operation and workforce to establish itself as a volume player in NDT services. In FY 2017, it extended its NDT service into the Pasir Gudang industrial complex and further North to Malacca to support projects there.

The potential for growth in Southeast Asia cannot be ignored. The International Monetary Fund ("IMF") has expected economic growth in the region to accelerate. It has projected growth in the Association of Southeast Asian Nations ("ASEAN") to inch up to 4.9% for 2017, from 4.8% in 2016, and a slightly higher 5.1% in 2018.

CHAIRMAN'S STATEMENT

IMF said the growth outlook is clouded by "significant downside risks" including tightening global financial conditions, more inward-looking policies and the effects of China's economic transition.

As for public sector spending on infrastructure, the Asian Development Bank expects Southeast Asian countries to invest 5.7% of their GDP on infrastructure development to drive economic growth.

Our team will make determined and unrelenting efforts to extend the scale and effectiveness of their operations outside Singapore to win good quality, high yield projects for the Group, as well as increase the export of our Groups' products and services.

The business segments have already been collaborating with each other in their overseas operations, by synergising, sharing resources and working economies of scale into their project tenders. The ultimate aim is for the core operating units to work together to offer one-stop solutions for every construction and infrastructure development need.

We will continue to selectively identify more opportunities in the region for the continued expansion of our external wing.

STRENGTHENING OUR TALENT POOL AND INTERNAL RESOURCES

Over the years we have strategically invested substantially in our people, systems and plants to maximise our productivity and profit potential across all business units.

Our Singapore production facilities are constantly being upgraded to increase their production scheduling and output flexibility to better meet customer demands. Our information technology team has been expanded to extend and integrate the information systems across the Group's value chain, in order to provide more effective smart solutions to all the business units.

As an aspiring employer of choice, we have made human capital a priority by providing on-going upskilling, management training and career development opportunities to everyone to ensure that we will always have a competent talent pool to bring us forward.

The Group's management team is dedicated, focused and value-driven, that has been honed to be highly strategic, yet adaptable to change, in their daily approach to managing the Group's business.

Together, they are poised to adapt and thrive in the face of the current intractably difficult operating environment beset by increasing costs, heightened competition and economic uncertainties.

WE APPRECIATE THE CONTINUED SUPPORT

We recognise the important role every one of our management and staff has played to support the Group. On behalf of the Board of Directors, I would like to record our deep appreciation for their dedication and effort.

Our sustainability would not have been possible without the strong support of our customers, business partners and associates. We thank every one of them for their patience, understanding and goodwill through the good and the difficult years.

We would also like to express our appreciation to our shareholders for their continued faith in us to deliver results. I am pleased to announce that the Board has decided to declare a final dividend of 1.60 cent per ordinary share subject to approval at the annual general meeting.

Tay Joo Soon
Chairman

REPORT BY THE CHIEF EXECUTIVE OFFICER

Jewel Changi Airport
Supply of cable by Tai Sin Electric Limited
Image courtesy of Jewel Changi Airport

The continuing prevalence of global political and economic uncertainties capped another year of slow sales growth for the group in financial year 2017. The increasingly difficult market terrain continued to be affected by the rippling effects of oil prices on overall industrial growth and anemic domestic demand in the private building and construction industry.

Our team's ability to refresh its strategy and focus on promising areas has helped us to sustain and, in some instances, expanded their services to deliver better value to our customers.

The results for the year reflect the team's dedication, consistency of effort and flexibility in approach to customer service, to put up a strong fight and help bring about a set of modest results for the Group.

The Cable & Wire ("C&W") segment continues as the biggest contributor to the revenue, accounting for 63% of the Group's total, in the face of lower sales volume. The Electrical Material Distribution ("EMD") segment enjoyed higher sales and slightly improved profit, while the Test & Inspection ("T&I") segment maintained its sales level but recorded lower earnings. For the Switchboard ("SB") segment, it has recorded a drop in sales and earnings.

CABLE & WIRE ("C&W") SEGMENT RESULTS

The C&W segment's total sales revenue for FY ended June 2017 was down 19% to $174.91 million, from $216.85 million for 2016.

Sales volume decline was experienced across all the market sectors namely commercial & residential; industrial; infrastructure and export, except for the trading & retail sector, which registered a marginal increase mainly from higher sales in Malaysia and Vietnam.

Market slowdown from Q4 2016

The segment began to feel the brunt of the depressed market from the last quarter of 2016 when the environment turned highly competitive as a result of fewer projects available in the market.

Private construction demand has remained subdued since then, and we do not expect any new residential, commercial or industrial projects to come on stream in the short term. The slowdown is expected to have an impact on sales in the new fiscal year.

We will continue to focus on securing more mega public sector infrastructure projects in 2017/2018.

REPORT BY THE CHIEF EXECUTIVE OFFICER

Mass Rapid Transit, Thailand
Supply of cable by Tai Sin Electric Limited

Pressure on prices as competition intensifies

However, competition in the infrastructure sector has become more intense, putting pressure on price as contractors scramble for fewer projects compared to previous years.

We will ramp up our efforts to increase exports sales to other Southeast Asian countries, as well as make more inroads into the retail and distribution markets in Vietnam. Our plan is to invest and establish a stronger brand presence in these countries and assign more experienced Singapore personnel to work closely with our business associates there to secure more new business.

ELECTRICAL MATERIAL DISTRIBUTION ("EMD") SEGMENT

In spite of the difficult economic conditions, the EMD segment had a good year, thanks to a strong pickup in the electronics industry and better trading performance. Total sales reached $72.54 million in FY2017, up 4% from $70.04 million reported for the previous year.

The increase was led by higher sale of control, monitoring and protection systems and equipment to industries, including the electronics and marine clusters. This was however offset by a drop in sales of electrical, control, lighting, instrumentation and safety products and accessories to the chemical, oil & gas clusters.

Electronics cluster to remain strong

The industrial, trading and retail sectors each enjoyed an increase in sales but they were offset by decline in sales in the marine; building, construction and infrastructure; chemical, oil & gas; and export businesses.

The increase in sales from the new and green product ranges introduced in recent years for the commercial & residential sectors helped to cushion the decline in sales resulting from the slowdown in private construction activity.

For the new financial year, the EMD segment expects the electronics industry to enjoy continued growth. Global semiconductor capital spending is projected to rise by 3.6% to $69.6 billion in 2017, and by another 6.6% to $74.3 billion in 2018.

Junction City, Myanmar
Supply of cable by Tai Sin Electric Limited

In the manufacturing cluster, the segment has typically been selling directly to end users, supported by its established corporate branding, strong business relations and efficient customer service. It has already upgraded its IT system to further raise customer service, from sales order processing, through delivery to invoicing and after sales support.

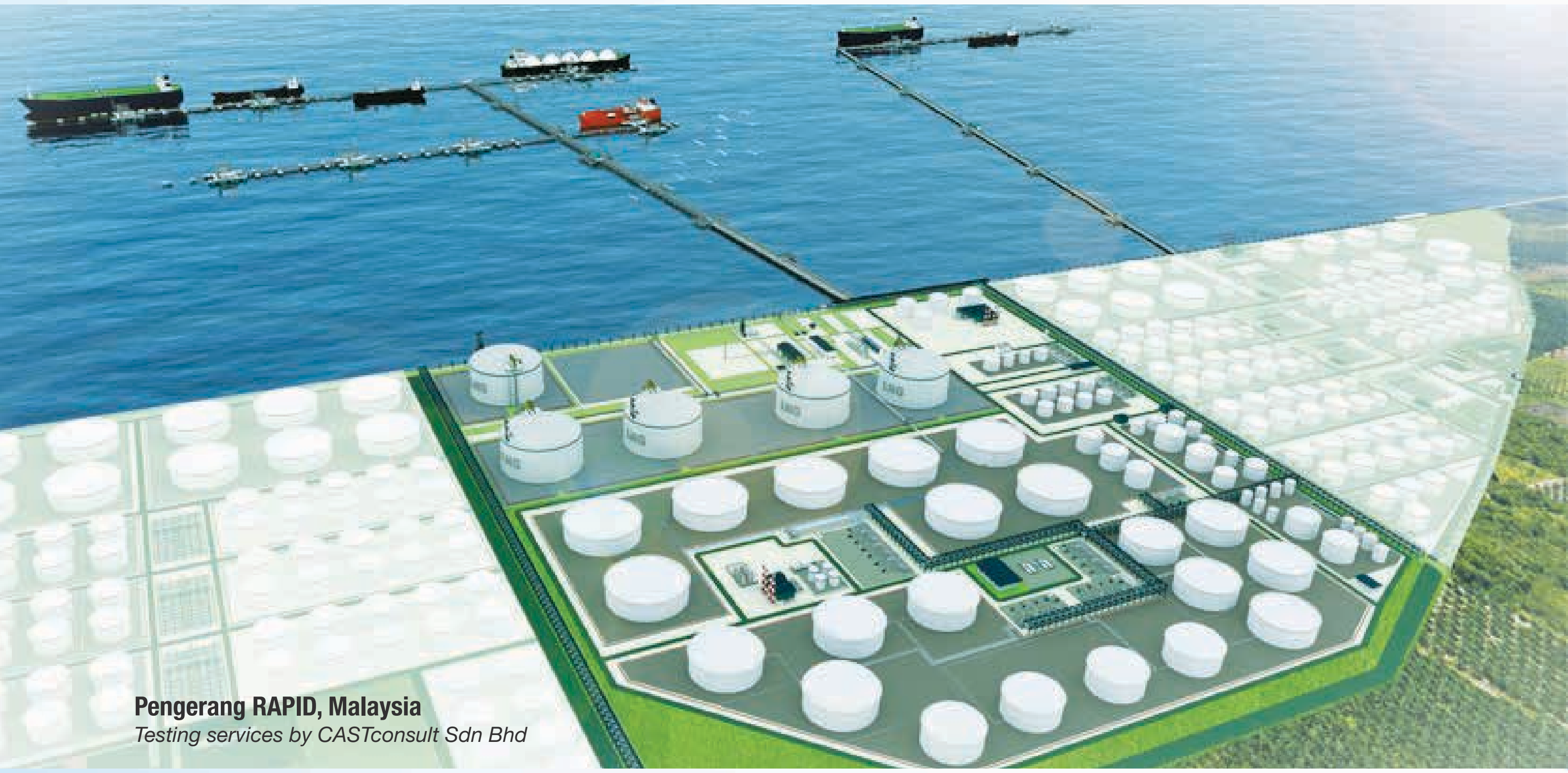
However, private construction demand is not expected to see a quick recovery. The segment will further increase its effort to collaborate with other business entities in the Group to leverage their strengths in their respective market sectors to introduce the EMD range of products and services.

Development and joint collaborative effort in new area

In the specialty area of green energy systems and products, the segment will further develop its offering of higher value-added energy-saving products and energy monitoring system for commercial, residential and institutional buildings, to support the national effort to contribute to the reduction of carbon footprint.

It also wants to expand its business of providing lighting and cabling components & accessories, into the infrastructure sector by working closely with the C&W segment to bid for electrical distribution, lighting and energy management parcels.

REPORT BY THE CHIEF EXECUTIVE OFFICER



Pengerang RAPID, Malaysia
Testing services by CASTconsult Sdn Bhd

TEST & INSPECTION ("T&I") SEGMENT

Our T&I segment, which offers a wide range of materials testing services from concrete, to soil and to asphalt premixes, achieved sales turnover of $27.02 million for the year ended June 2017, marginally lower than the $27.13 million for the previous year.

Overall profitability was affected by pricing pressures due to stiffer competition for fewer projects from the private sector in Singapore and a sharp decline in Batam heat treatment ("HT") projects, as well as higher operating costs due to new investments to reinforce the T&I presence in the regional markets.

Its Singapore operation, CAST Laboratories Pte Ltd ("CLPL"), accounted for more than half of the business. Revenue from infrastructure projects was the main contributor to total Singapore company sales. Going forward, CLPL aims to boost its non-destructive testing ("NDT") and soil investigation ("SI") services in Singapore. Its operations in Johor, Malaysia, performed better when compared to previous years. While sales from its Indonesian operations declined sharply from previous year, due to completion of contracts and the downturn in oil & gas cluster activity in Batam.

Rapid expansion in Malaysia

During the year under review, CASTconsult Sdn Bhd ("CCSB") had positioned itself as a volume player for NDT in Malaysia. It has expanded its operations in Johor, increasing its workforce to better service the oil & gas projects in the Refinery and Petrochemical Integrated Development ("RAPID") in Pengerang.

CCSB has become a recognised provider of NDT services in the state and has begun extending its services into Pasir Gudang to cater to manufacturers of process equipment for the oil & gas and the petrochemical clusters.

The segment plans to further expand its NDT services into other Malaysian states over the next three years, as it recognises the huge potential for its services there.

Riding on first-mover advantage in Indonesia

T&I was the first mover into the Batam, Indonesia market, providing HT services to oil & gas projects, as well as fabrication plants operated by Singapore process supporting services companies. However, the business in Batam for PT CAST Laboratories Indonesia has since shrunk drastically due to the drying up of oil & gas projects. The company has begun moving into Java, Sumatra and Kalimantan to tap on the infrastructure and oil & gas businesses.

More operational bases were set up in Malaysia and Indonesia during the year to further tap the business potential in the two countries. The segment plans to increase its overseas sales contribution further by venturing into new markets such as Cambodia, Myanmar and the Philippines. It will collaborate closely with other entities within the Group to ride on their established business relationships and network.

For the new financial year, the segment has set its sight on increasing sales contribution from SI services for infrastructure projects and NDT services for process plant construction.

SWITCHBOARD ("SB") SEGMENT

The segment had delivered all previous contracts. So far there were no new major construction and public sector development project announcements from the local government. Going forward, it will continue to look out and compete for government projects. With the economic slowdown and continued low oil prices, it is expected to affect the country spending on infrastructure projects.

SLOWDOWN CONTINUES AMIDST ECONOMIC UNCERTAINTIES

The Group's performance during the year under review continued to be weighed down by the decline in the number of private and public construction projects. Manufacturing output for the year fell across the board with the exception of Electronics and Precision Engineering industries.

As the bulk of the Group's business is still reliant on strong domestic demand, the outlook for these two pillars of the economy for the new financial year does not look too rosy, although the government has revised its growth expectation for the overall economy on the higher end of the 2 – 3% band.

The construction sector began strongly at the beginning of 2016 with year-on-year growth in the first two quarters, only to contract by 2.2% in the third quarter and 2.8% in the fourth quarter.

Total construction contracts awarded in 2016 was below the level projected earlier by the government, with actual total value of about $26 billion, of which $15.8 billion was from public sector construction projects.

Private sector construction is expected to be further dampened by the slowdown in the property market, amidst uncertainties surrounding economic growth. The Building & Construction Authority ("BCA") said 'the private sector construction demand is likely to remain subdued and is projected to stay between $8 billion and $11 billion this year'.

BCA had projected public sector construction demand to range between $20 billion and $24 billion for the whole of 2017. The government had said it would bring forward $700 million worth of projects to support the construction industry.

For 2018 – 2019, the BCA has projected a growth range of $26 billion to $35 billion for the construction sector.

STRONG NEED TO GROW EXTERNAL WING

With uncertainties still clouding the expected realisation of construction projects in the near term, the Group has to take strong action to ensure that any shortfall in domestic sales can be offset by more contributions from overseas.

All our business segments will focus greater attention on markets in the Southeast Asian region, where the Asian Development Bank ("ADB") has predicted will grow by 4% in 2017, from 4.8% in 2016. For 2018, ADB projects the growth in Southeast Asia to be even higher at 5%.

Governments in Southeast Asia are said to be eager to ramp up infrastructure development to support their economic growth. The ADB has projected that infrastructure spending in developing Asia and the Pacific would continue to increase for the region to maintain its growth momentum.

REPORT BY THE CHIEF EXECUTIVE OFFICER

Our Group has already made inroads into the Philippines, Thailand, Myanmar and Cambodia.

The C&W segment aims to export more into the Southeast Asian countries. At the same time, we will prepare our production facilities to drive sales in their respective territories to support their operations.

The EMD segment will increase efforts to replicate its sales success in the neighbouring countries, while T&I segment will continue to drive its NDT service into other parts of Southeast Asia, where oil & gas, infrastructure and construction activities are still expanding.

They will leverage each other's strength and connections for the outreach effort. The four business segments have also been investing to reinforce their physical presence overseas, and assigning trained and experienced personnel to push the Group's product and service offering through collaboration with business associates that have already established themselves in those markets.

GROOMING TALENT, LEVERAGING SMART SOLUTIONS

As part of the Group's objective to become an employer of choice, we have continued to expand our training and career path development opportunities to groom a talent pool that can help to sustain our business in the years to come.

We will continue to judiciously make use of government schemes and support programmes for the upskilling needs of all our employees, at the same time deploy more smart solutions to improve work processes and customer service support functions, among other things.

Our Group IT team is collaborating with all the business segments to drive innovation and digital transformation across the entire Group, by integrating the information systems of all the operating units. The aim is to build greater efficiency through a seamless flow of information across all departments and functions, by exploiting the power of big data analytics.

The group will embark on the Internet of Things platform and at the same time develop resource planning solutions to increase productivity and have better control over production scheduling, resource utilisation and costs.

All this is to ensure we remain relevant, productive and customer responsive. It will also help us to be more consistent in delivering a better value proposition to our customers, as we expect the market landscape to become increasingly competitive where the only most systematically efficient service providers will emerge stronger.

SUBDUED MARKETS, TEMPERED EXPECTATIONS

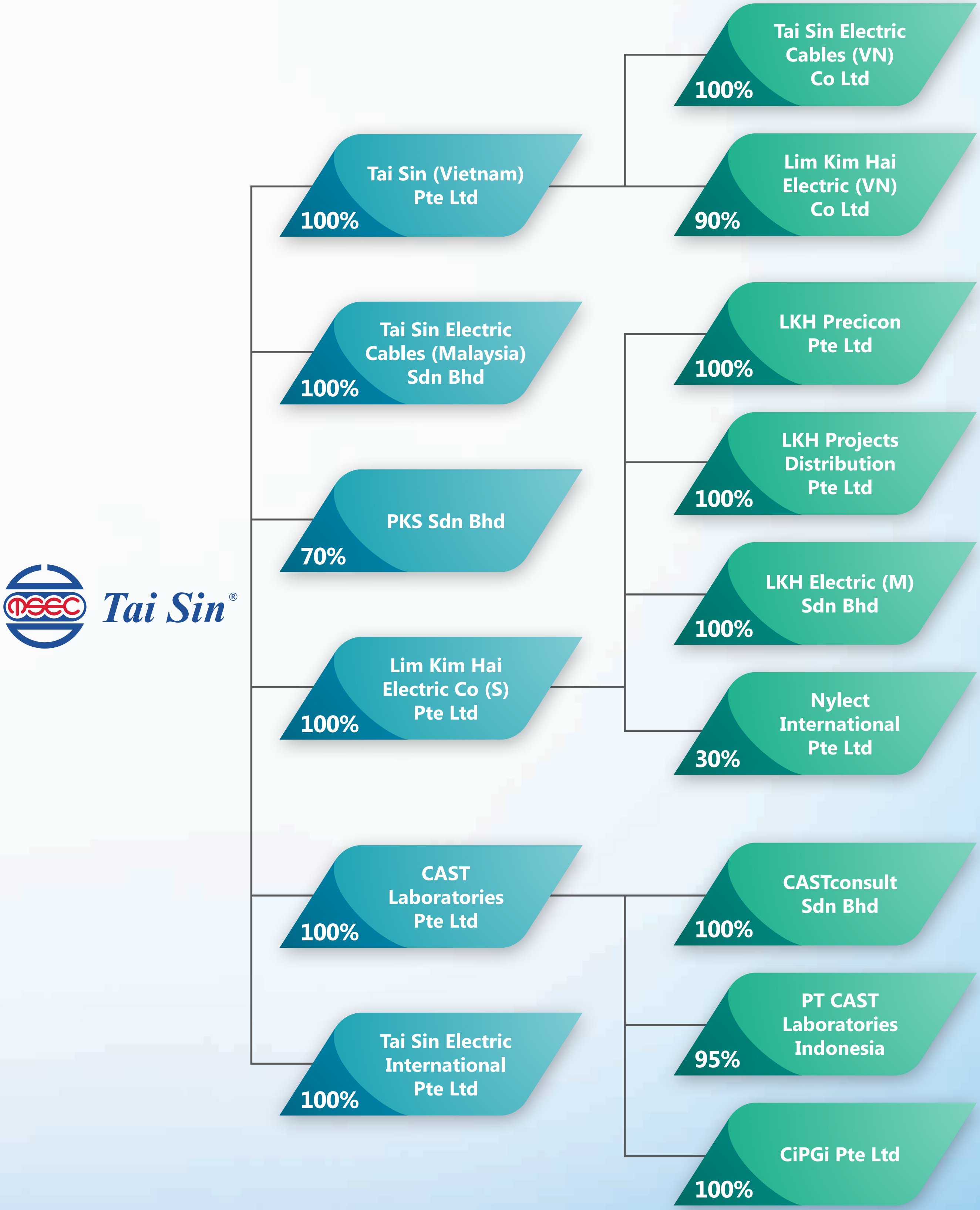
There is no single solution to the difficulties facing our business. We have made innovation, prudent management, financial discipline and dedication to ensure our business will continue to enjoy sustainable growth in the years ahead.

Market volatility, uncertainty, complexity and ambiguity have become the new normal, as we continue to face a host of downside risks beyond our control. With sluggish world economic conditions, and continuing oil price volatility, economic growth can no longer be taken for granted, as any well-meaning efforts can be easily disrupted by a complexity of geo-political instability and disruptive protectionist behaviour.

As demand continues to shrink and competition heightens, we have to temper our expectations, work harder and persist to deliver better value for all our customers, business partners and stakeholders.

Lim Boon Hock Bernard
Chief Executive Officer

CORPORATE STRUCTURE



CORPORATE SOCIAL RESPONSIBILITY

DEMONSTRATING OUR CARE FOR THE COMMUNITY

The management and staff of Tai Sin Group continued to step up efforts to demonstrate that they care for the wider social and environmental issues in the community. During the financial year ended 30 June 2017, they continued to make time, roll up their sleeves and reach out to others who are in need.

The community service efforts gels well with the Group's objective of being a people-centered, choice employer. The activities not only provide an avenue for our staff to participate in causes and issues that matter to them, they also bring meaning and a sense of pride to everyone involved.

By the end of the fiscal year, the group had donated a total of $60,900 in cash, not including donations in kind, to St John's Brigade, Tan Tock Seng Hospital Community Fund, Touch Community Services, Lions Community Service Foundation, North-West Community Development Council ("CDC") and other charity organisations.

YELLOW RIBBON RUN 2016

For the first time, we have participated in the Yellow Ribbon Run on 4 September 2016. A total of 43 staff participated in the run which has helped to raise $1,500 for the project.

BRINGING JOY TO ORPHANAGE HOME IN CAMBODIA

45 children at the Kampong Speu Orphanage Home, Phnom Penh, Cambodia, had a big surprise when 18 staff from both CAST Laboratories Pte Ltd ("CLPL") and Tai Sin Electric Limited dropped in on 27 November 2016 to spend the day with them.

The team brought along with them toys, electric fans, clothing, stationeries, school bags, tit-bits, etc. to the delight of the children. The team had also engaged a contractor to rebuild the main buildings' ceiling to improve ventilation and to reduce indoor temperature. They enjoyed lunch together, and thereafter the children sang and performed for the visitors. The day ended with Pastor of the home presenting an appreciation certificate to CSR Committee Chairman, Mr Lim Eng Heng, CEO of CLPL Group.

LIM KIM HAI CHARITY GOLF

For the third year running, the Group hosted the Lim Kim Hai Charity Golf Tournament to raise funds for the needy. It was an occasion when all the 56 participants, including business associates, customers and management staff of the Group, had a good time enjoying the game and networking for a worthy cause. A total of $30,000 was raised at the event on 26 January 2017 for the Tzu Chi Foundation, which provides community services and free medical care to the under-privileged.

WECARE @ NORTH WEST

On Saturday, 21 January 2017, the staff were once again at blocks 512 and 513 in Wellington Circle as part of its participation in the WeCare @ North West – Service Weeks community service project organised by the North-West CDC.

Some 90 staff from the group arrived in the morning to interact with the residents through games and other activities. They planned and carried out the activities. The company sponsored the prizes for the programme and co-sponsored the rations for residents of the 236 rental flats in the two blocks.

The staff helped to pack rations and accompanied the Member of Parliament for the constituency and Minister for Transport, Mr Khaw Boon Wan, on a door-to-door visit to help distribute the ration to the needy families.

Some of the staff had, a month earlier, visited the residents to assess their needs to ensure that rations would be suitable for their daily consumption.

BREAD OF LOVE ON WEDNESDAYS

Every Wednesday since 1 March 2017, the staff from CLPL have been taking turns to help brighten the day for the elderly residents of the SASCO Senior Citizens' Home at Block 30, Telok Blangah Rise. The company drivers would collect the bread from Redmart and deliver them to the home.

BREAKFAST WITH LOVE @ RADIN MAS

This is another project that happens on the first Sunday of alternate months, from March to November 2017. Breakfast with Love @ Radin Mas is jointly organised by Radin Mas Community Club Management Committee and Mt Faber Zone B Residents Committee, and sponsored by Tai Sin Group.

Staff from the Group volunteered their time on those Sunday mornings to engage the elderly in fun and games, and accompany them as they enjoy their scrumptious breakfast treat.

BOARD OF DIRECTORS

TAY JOO SOON
Chairman, Non-Executive and Independent Director

Date of Appointment as Director
- April 2007 as Non-Executive and Independent Director
- January 2015 as Non-Executive and Independent Chairman

Length of Service as Director (as at 30 June 2017):
- 10 years

Board Committee Served On:
- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualifications:
- Life Member of the Institute of Singapore Chartered Accountants
- Fellow of the Institute of Chartered Accountants, Australia
- Member of Certified Public Accountant, Australia
- Member of Singapore Institute of Accredited Tax Professionals
- Life Member of the Malaysian Institute of Certified Public Accountants

Present Directorships in Listed Companies (as at 30 June 2017):
- Nil

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

Others:
- Practising Chartered Accountant of Tay Joo Soon & Co. since 1970
- Member of Health Industries South Australia Advisory Board
- Deputy Chairman of Holcim (Singapore) Pte Ltd
- Deputy Chairman of Singapore Island Country Club

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 (as at 30 June 2017):
- 20 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 (as at 30 June 2017)
- Nil

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

Others:
- Ni

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT, PBM BBM KStJ
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

Length of Service as Director (as at 30 June 2017):
- 20 years

Board Committee Served On:
- Audit 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 (as at 30 June 2017)
- Nil

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

Others:
- Patron of Toa Payoh East CCC
- Management Committee of the Lighthouse School
- Managing Director of Lim Kim Hai Electric Co (S) Pte Ltd from 1972 to 1997

PROFESSOR LEE CHANG LENG BRIAN, JP PBM BBM

Non-Executive and Independent Director

Date of Appointment as Director
- August 2002 as Non-Executive and Independent Director
- November 2003 to December 2014 as Non-Executive and Independent Chairman
- January 2015 as Non-Executive and Independent Director

Length of Service as Director (as at 30 June 2017):
- 15 years

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

Academic & Professional Qualifications:
- Bachelor of Engineering in Electrical Engineering, University of New South Wales, Australia
- Master of Engineering Science in Electrical Engineering, University of New South Wales, Australia
- Fellow of the Institution of Engineering and Technology, United Kingdom
- Fellow of Academy of Engineering Singapore
- Fellow of Institution of Engineers, Singapore
- Professional Engineer, Singapore
- Chartered Engineer, United Kingdom

Present Directorships in Listed Companies (as at 30 June 2017)
- Nil

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

Others:
- Former Vice President, Member of the Board of Trustees and Member of the Council of the Institution of Electrical Engineers, United Kingdom
- Founding Dean of the School of Electrical and Electronic Engineering of Nanyang Technological Institute / University

SOON BOON SIONG

Non-Executive and Independent Director

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

Length of Service as Director (as at 30 June 2017):
- 5 years

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

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

Present Directorships in Listed Companies (as at 30 June 2017)
- Nil

Past Directorships in Listed Companies over the preceding three years:
- Non-Executive and Independent Director, Dynamic Colours Limited

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 (as at 30 June 2017):
- 2 years

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

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

Present Directorships in Listed Companies (as at 30 June 2017)
- Non-Executive and Independent Director, Asiatic Group (Holdings) Limited

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

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

KEY MANAGEMENT

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

JOHNSTON H K TEO
Vice President, Head of Sales:
Tai Sin Electric Limited
Join Since: 2000

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 Manager – Operations;
Tai Sin Electric Cables (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

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

NG SHU GOON TONY
General Manager;
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

VINCENT YUEN PENG WAH
Senior Business Manager;
LKH Projects Distribution Pte Ltd
Join Since: 1992

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

COLIN KOH KOK LIN
Senior Manager – Business Development;
LKH Precicon Pte Ltd
Join Since: 1979

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 INFORMATION

BOARD OF DIRECTORS

Tay Joo Soon
Non-Executive Chairman

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Lim Chye Huat @ Bobby Lim Chye Huat
Non-Executive Director

Lee Chang Leng Brian
Non-Executive Director

Soon Boon Siong
Non-Executive Director

Lee Fang Wen
Non-Executive Director

AUDIT COMMITTEE

Lee Chang Leng Brian
Chairman

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

NOMINATING COMMITTEE

Soon Boon Siong
Chairman

Tay Joo Soon
Lee Chang Leng Brian
Lee Fang Wen
Lim Chye Huat @ Bobby Lim Chye Huat

REMUNERATION COMMITTEE

Lee Fang Wen
Chairman

Tay Joo Soon
Lee Chang Leng Brian
Soon Boon Siong
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:
Seah Gek Choo
Date of Appointment: 23 October 2015

PRINCIPAL BANKERS

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

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 2 May 2012 (the "Code") which is essential to protect the interests of the shareholders and enhance shareholders' value.

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

(a) Guideline 8.2
(b) Guideline 8.3
(c) Guideline 8.4
(d) Guideline 11.4
(e) Guideline 15.5 and
(f) Guideline 16.1

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

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board of the Company comprises the following members:

Executive Director
Lim Boon Hock Bernard (Chief Executive Officer / Executive Director)

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

Non-Executive and Independent Directors
Tay Joo Soon (Chairman)
Lee Chang Leng Brian
Soon Boon Siong
Lee Fang Wen

Guidelines 1.1 and 1.2: Roles of the Board

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) review Management 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;

CORPORATE GOVERNANCE

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

(g) assume responsibility for 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 Committee ("AC").

The Board has taken decisions objectively at all times as fiduciaries in the interests of the Company.

Guideline 1.3: Delegation of Authority to Board Committees

Matters which are specifically reserved to the full Board for decision are 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 controls to the AC.

Guideline 1.4: Meetings of Board and Board Committees

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 Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Number of meetings held	4	4	1	1
	Number of meetings attended			
Director				
Tay Joo Soon	4	4	1	1
Lim Boon Hock Bernard	4	N.A.	N.A.	N.A.
Lim Chye Huat @ Bobby Lim Chye Huat	4	4	1	1
Lee Chang Leng Brian	4	4	1	1
Soon Boon Siong	4	4	1	1
Lee Fang Wen	4	4	1	1

Guideline 1.5: Internal Guidelines Require Approval from Board

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 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

Guidelines 1.6 and 1.7: Director's Appointment and Training

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 Board recognizes the importance of ongoing director education and the need for each Director to take personal responsibility for this process. To facilitate ongoing education:

(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 organized 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.

BOARD COMPOSITION AND GUIDANCE

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

Guidelines 2.1 to 2.5: Composition, Size of the Board and Independent Element of the Board

The Board comprises six (6) Directors, one (1) of whom is non-executive and non-independent and four (4) 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.

In compliance with the Code's requirement that at least one-third of the Board should be made up of Independent Directors, four (4) of the six (6) Directors are Independent Non-Executive, namely, the Chairman, Mr. Tay Joo Soon, Prof. Lee Chang Leng Brian, Mr. Soon Boon Siong and Mr. Lee Fang Wen. The independence of each Director is reviewed and confirmed by the NC. None of them has any relationship with the Company, its related corporations, its 10% 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 four (4) 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 four (4) Directors.

In compliance with the Code, the Board has reviewed the independence of Prof. Lee Chang Leng Brian and Mr. Tay Joo Soon, who have been members of the Board for fifteen (15) and ten (10) years respectively. The Board, on the recommendation of the NC, determined that Prof. Lee and Mr. Tay are independent notwithstanding that they have served more than nine years on the Board. Prof. Lee and Mr. Tay continue to express their independent views and challenge Management at Committee and Board meetings.

CORPORATE GOVERNANCE

The Company will adopt a policy stipulating a nine year term as the maximum number of years an Independent Director can serve on the Board. The nine year limit will however be effected from financial year ended 30 June 2018. This is to accommodate current Directors who have already served more than nine years on the Board.

Accordingly, Prof. Lee Chang Leng Brian has tendered his resignation on 10 October 2017 and the effective date of his resignation will be on 31 October 2017.

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

Guidelines 2.6: Board Diversity

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 and 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.

Guidelines 2.7 and 2.8: Non-Executive Directors

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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Guidelines 3.1 and 3.3: Separate Role of Chairman and Group Chief Executive Officer ("CEO")

It has been the practice of the Board since financial year ended 30 June 2003 that the Chairman of the Board is non-executive and is separate from the CEO. The Chairman and the CEO are not related family members. Accordingly, no Lead Independent Director was appointed.

Guideline 3.2: Roles and Responsibilities of Chairman

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.

Guideline 3.4: Role of Lead Independent Director

Although the company is not required to appoint a Lead Independent Director, the Independent Directors communicated amongst themselves by email or telephone and have met without the presence of the Executive Director.

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

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

Guideline 4.1: NC Membership

The current NC comprises the following five (5) members, four (4) non-executive and independent and one (1) non-executive and non-independent member:

(a) Soon Boon Siong (Chairman)
(b) Lee Chang Leng Brian
(c) Tay Joo Soon
(d) Lee Fang Wen and
(e) 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 organization, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.

Guidelines 4.2: Roles of NC

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;

CORPORATE GOVERNANCE

(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.

All Directors (except the CEO) are subject to the provisions of the Company's Constitution whereby one-third of the Directors for the time being are required 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.

Guideline 4.3: NC's Determination of Independent Director's Independence

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.

Guideline 4.4: Commitments of Directors Sitting on Multiple Boards

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.

All Directors are also 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 FY2017, the NC is of the view that the Directors are able to carry out their duties as Directors of the Company and each Director has discharged his duties adequately.

Guideline 4.5: Alternate Directors

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 FY2017.

Guideline 4.6 and 4.7: Process for Selection and Appointment of New Directors and Key Information on Directors

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.

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

BOARD PERFORMANCE

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

Guidelines 5.1 to 5.3: 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

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 are 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
- 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 categorized into five segments, namely:-

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

CORPORATE GOVERNANCE

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 FY2017 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.

ACCESS TO INFORMATION

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

Guidelines 6.1 and 6.2: Access to Information

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.

Guidelines 6.3 and 6.4: Role of the Company Secretary

Directors have separate and independent access to the Company Secretary at all times. The Company Secretary's appointment and removal is a matter for the Board as a whole. He covers both regulatory and procedural matters. The Company Secretary or his representative attended all scheduled FY2017 Board meetings.

Guideline 6.5: Board Access to Independent Professional Advice

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.

REMUNERATION MATTERS

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

CORPORATE GOVERNANCE

Guideline 7.1: RC Membership

The current RC comprises the following five (5) members, four (4) non-executive and independent and one (1) non-executive and non-independent member:

(a) Lee Fang Wen (Chairman)
(b) Soon Boon Siong
(c) Lee Chang Leng Brian
(d) Tay Joo Soon and
(e) Lim Chye Huat @ Bobby Lim Chye Huat

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 Directors' 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.

Guideline 7.2: Remuneration Framework

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.

Guideline 7.3: RC Access to advice on Remuneration Matters

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.

Guideline 7.4: Fair and Reasonable Termination Terms

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

CORPORATE GOVERNANCE

LEVEL AND MIX OF REMUNERATION

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

Guidelines 8.1: Remuneration of Executive Directors

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.

Guideline 8.2: Long-Term Incentive Scheme

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 interests in the Company is still in line with the interests of its shareholders.

Guideline 8.3: Remuneration of Non-Executive Directors

The fees of Non-Executive Directors for FY2017 amounting to $280,000 was approved by shareholders at the last AGM.

The RC has assessed the adequacy and structure of remuneration of Non-Executive Directors 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	16,000	12,000
Nominating	7,000	3,000
Remuneration	7,000	3,000

The Board has assessed and approved the remuneration framework and the total proposed Director's fees for FY2018 will amount to $264,667.

CORPORATE GOVERNANCE

Director's fees are only payable to Non-Executive Directors. The proposed Director's fees for FY2018 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.

The Company does not have any scheme which encourage its Non-Executive Directors to hold shares in the Company. The Board believes that notwithstanding such absence, the Non-Executive Directors' interests in the company is still in line with the interests of its shareholders.

Guideline 8.4: Incentive Components

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 of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

DISCLOSURE ON REMUNERATION

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

Guidelines 9.1 and 9.2: Remuneration of Directors

No payment was made or granted to any Director, CEO or the top five Key Management Personnel in relation to termination benefit in FY2017.

The remuneration paid to the Directors for services rendered during FY2017 is as follows:-

Name of Director	Remuneration ($'000)	Director's Fee	Advisor Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	1,039	–	–	48%	52%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	75	67%	33%	–	–	100%
Tay Joo Soon	65	100%	–	–	–	100%
Lee Chang Leng Brian	60	100%	–	–	–	100%
Soon Boon Siong	53	100%	–	–	–	100%
Lee Fang Wen	53	100%	–	–	–	100%

CORPORATE GOVERNANCE

Guideline 9.3: Remuneration of Top Five Key Management Personnel

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	Lin Chen Mou	4%	67%	29%	100%
	Ong Wee Heng	8%	70%	22%	100%
$250,000 to below $300,000	Lim Chai Lai @ Louis Lim Chai Lai	6%	75%	19%	100%
	Lim Eng Heng	3%	73%	24%	100%
	Lim Lian Eng Sharon	–	69%	31%	100%

The aggregate remuneration paid to the above personnel was $1.53 million in FY2017.

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 will be subject to approval at the AGM.

Guideline 9.4: Employee Related to Directors / CEO

The following are employees whose remuneration exceeds $50,000 and who are immediate family members of Mr. Lim Boon Hock Bernard and Mr. Lim Chye Huat @ Bobby Lim Chye Huat.

Remuneration Band	Employee's Name	Relationship With	
		CEO, Lim Boon Hock Bernard	Non-Executive Director, Lim Chye Huat @ Bobby Lim Chye Huat
Refer to Directors Remuneration	Lim Boon Hock Bernard	–	Son
	Lim Chye Huat @ Bobby Lim Chye Huat	Father	–
Refer to Key Management Personnel Remuneration	Lim Chai Lai @ Louis Lim Chai Lai	Uncle	Brother
	Lim Lian Eng Sharon	Auntie	Sister
$250,000 to below $300,000	Chia Ah Heng	Uncle	Brother-in-Law
$150,000 to below $200,000	Lim Hiang Lan*	Auntie	Sister
$100,000 to below $150,000	Lim Chye Kwee	Uncle	Brother
	Lim Peck Choo, Constance	Auntie	Sister
	Lim Boon Hoh Benedict	Brother	Son

* Retired on 25 January 2017

CORPORATE GOVERNANCE

Guideline 9.5: Employee Share Scheme

Employee Share Option Scheme

The Company does not currently have a share option scheme.

Guideline 9.6: Remuneration and Performance

The Company's remuneration framework for its Executive Directors is stated in "Guidelines 8.1: 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 is dependent on their individual performance as measured by their respective key performance indicators, as well as the performance of the Group as a whole.

The Company does not have any long-term incentive schemes as explained in "Guideline 8.2: Long-Term Incentive Scheme" of this Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

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

Guideline 10.1: Accountability for Accurate Information

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 AC 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.

Guideline 10.2: Compliance with Legislative and Regulatory Requirements

The Board is kept abreast on 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.

Guideline 10.3: 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.

CORPORATE GOVERNANCE

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Guideline 11.1: Design, Implementation and Monitoring

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 AC oversees and ensures that such system has been appropriately implemented and monitored.

Risk Management

The Board has approved the Risk Management Framework for identifying key risks within the business. The risks defined in the framework range from strategic, financial, operational, information technology, to compliance which may include management decision-making risks. The identification and management of risks are the responsibility of the Management who assume ownership and day-to-day management of these risks. Management is also responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Company's objectives and plans within the risk tolerance established by the Board. Key business risks are scheduled to be identified, addressed and reviewed on an ongoing basis.

The Board is responsible to oversee the Company's Risk Management Framework and policies.

Internal Controls

A conventional 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.

Staff / Director Securities Dealing Rules & Procedures

The Company has adopted an Internal Code Governing Dealings In Securities in line with the guidelines issued by the SGX-ST. This Internal Code provides guidance and prescribes the internal regulations with regard to dealings in the Company's securities by its officers.

Guideline 11.2: 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 cost 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 AC, 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 2017.

During the year, the AC 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.

Guideline 11.3: Board's Comment on Adequacy and Effectiveness of Internal Controls

The AC and the Board have received assurance from the CEO and CFO that:-

(a) The financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2017 give a true and fair view of the Group's operations and finances; and

(b) 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 and the review undertaken by the external auditors as part of their statutory audit, the written assurance from the CEO and CFO that the financial records have been properly maintained, the Board is of the view that the Group's risk management and internal control systems are effective.

The Board, with the concurrence of the AC, is satisfied that there are adequate internal controls in place to address the risks relating to financial, operational, compliance and information technology controls for the financial year ended 30 June 2017.

Guideline 11.4: Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC 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 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Guideline 12.1: AC Membership

The AC comprises the following five (5) members, four (4) non-executive and independent and one (1) non-executive and non-independent member:

(a) Lee Chang Leng Brian (Chairman)
(b) Tay Joo Soon
(c) Soon Boon Siong
(d) Lee Fang Wen and
(e) Lim Chye Huat @ Bobby Lim Chye Huat

During the year, the AC held four (4) scheduled meetings, which were attended by all members.

Guideline 12.2: Expertise of AC Members

The AC 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.

CORPORATE GOVERNANCE

Guideline 12.3 and 12.4: Roles, Responsibilities and Authorities of AC

The AC 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 AC has independent access to the Internal and External Auditors. The AC has reasonable resources to enable it to discharge its functions properly.

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

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

(b) Review 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) Review 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;

(d) Review interested person transactions; and

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

Guideline 12.5: Meeting with External and Internal Auditors

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

Guideline 12.6: Review of External Auditors' Independence

The AC reviewed the non-audit services provided by the External Auditors as part of the AC's assessment of the External Auditors' independence. The AC is satisfied that the nature and extent of such services would not conflict with the independence of the external auditors. The AC is satisfied with the independence and objectivity of the External Auditors. The aggregate fee of $288 thousand was paid to the external auditors of the Company, of which $65 thousand was for non-audit services.

Guideline 12.7: Whistle-Blowing Policy

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

CORPORATE GOVERNANCE

All reports made / 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 AC on the whistle-blowing cases under its review, updating the AC on matters that have been resolved to their satisfaction and where necessary, may escalate cases for deliberation and further action by the AC.

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 AC members.

Guideline 12.8: Activities of AC

During the year, the AC held four (4) scheduled meetings which all members attended as disclosed under Guideline 1.4. The AC discharged its duties under its Terms of Reference and as listed under Guideline 12.4 above. In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast on changes to the accounting standards, SGX-ST rules and other codes and regulations which could have an impact on the Group's business and financial statements, through briefings and updates by the internal and external auditors, the Company Secretary and Management.

Guideline 12.9: Cooling-off Period for Partners or Directors of the Company's Auditing Firm

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

INTERNAL AUDIT

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

Guideline 13.1: Internal Auditors

The AC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("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 AC. The IA's primary line of reporting is to the Chairman of the AC, although they also report administratively to the CEO.

Guideline 13.2: Adequacy of Resources

An annual audit plan which entails the review of the adequacy and effectiveness of the Company's material internal controls has been developed. The AC 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.

Guidelines 13.3 & 13.4: 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.

CORPORATE GOVERNANCE

At the beginning of each 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 AC. The AC is satisfied that the Company's Internal Audit function is adequately resourced to perform the job for the Group.

Guideline 13.5: Adequacy of Internal Audit Function

The AC 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 AC also reviews the IA reports and remedial actions implemented by Management to address any internal control weakness identified.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

Guideline 14.1: Communication with Shareholders

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Board will inform shareholders promptly of all major developments that may have material impact on the Group which would be likely to materially affect the price or value of the Company's shares.

Guideline 14.2: Participation by Shareholders

Shareholders have been given the opportunity to participate effectively in and vote at the Company's AGM. They are also informed of the rules, including voting procedures governing the AGM.

Guideline 14.3: 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.

COMMUNICATION WITH SHAREHOLDERS

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

Guidelines 15.1 and 15.2: Information to Shareholders

In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. Announcements and disclosures are also available through Company's share investor portal on the corporate website at www.taisinelectric.com.

CORPORATE GOVERNANCE

Guidelines 15.3 and 15.4: Dialogue with Shareholders

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.

Guideline 15.5: Dividend Policy

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.

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

Guideline 16.1: Absentia Voting

The Company has decided, for the time being, not to implement voting in absentia until security, integrity and other pertinent issues are satisfactorily resolved.

Guideline 16.2: Resolutions at General Meetings

The Board ensures that there are separate resolutions at general meetings on each distinct issue.

Guideline 16.3: Attendees at General Meetings

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 auditors' report.

Guideline 16.4: Minutes of General Meetings

From year 2017, the minutes of general meetings as recorded by the Company Secretary will include comments or queries from shareholders and responses from the Board. These minutes are made available to shareholders upon written request.

Guideline 16.5: Voting by Poll

The Company has adopted the use of electronic poll voting at general meetings to promote greater transparency. The Company appoints 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.

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 FY2017, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

CORPORATE GOVERNANCE

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 guidelines issued by the SGX-ST. This Internal Code provides guidance and prescribes the internal regulations with regard to dealings in the Company's securities by its officers.

Material Contracts (Listing Manual Rule 1207(8))

During FY2017, 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.

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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 2017.

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 53 to 114 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 2017, and the financial performance, changes in equity and cash flows of the group and the 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

Tay Joo Soon (Chairman)
Lim Chye Huat @ Bobby Lim Chye Huat (As a non-executive director with effect from 1 July 2016)
Lee Chang Leng Brian
Soon Boon Siong
Lee Fang Wen

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 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 1 July 2016**	**At 30 June 2017**	**At 1 July 2016**	**At 30 June 2017**
Tai Sin Electric Limited	Number of shares			
Lim Chye Huat @ Bobby Lim Chye Huat	34,715,897	34,715,897	24,021,985	24,021,985
Lim Boon Hock Bernard	49,384,527	49,384,527	1,967,792	1,967,792
Tay Joo Soon	500,000	500,000	–	–

The directors' interests in the shares of the company at 21 July 2017 were the same as at 30 June 2017.

DIRECTORS' STATEMENT

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 COMMITTEE

The Audit Committee of the company is chaired by Lee Chang Leng Brian, an independent director, and includes Tay Joo Soon, Soon Boon Siong, Lee Fang Wen and Lim Chye Huat @ Bobby Lim Chye Huat (appointed on 1 July 2016), all of whom are independent directors except for Lim Chye Huat @ Bobby Lim Chye Huat. The Audit Committee has met four times during the current financial year 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 internal accounting controls;

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

c) the statement of financial position and statement of changes in equity 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;

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

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

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

The Audit 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 Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the company at the forthcoming Annual General Meeting 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

21 September 2017

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 accompanying 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 2017, 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 53 to 114.

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 Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and of the financial position of the company as at 30 June 2017 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 ("ACRA") *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.

Key audit matters	How the matter was addressed in the audit
Allowance for trade receivables As at 30 June 2017, the group has trade receivables of $80.80 million, representing 47.8% of the group's current assets. Significant judgement is required by management in assessing the recoverability of trade receivables including those that are past due but not provided for and the level of allowance for doubtful receivables that may be required. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.	 We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of allowance for doubtful receivables. We evaluated and reviewed management's assessment of the recoverability of the group's significant past due trade receivables as at the reporting date, including the assessment of any allowance to be made in respect of these past due debts.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Key audit matters	How the matter was addressed in the audit
Allowance for trade receivables (cont'd) The group's disclosure on trade receivables is set out in Note 7 to the financial statements.	We discussed with management on the reasons for the delay in payments for significant aged debts and assessed the appropriateness of any allowance for doubtful receivables to be made, by considering amongst other factors such as, subsequent cash receipts, payment history, settlement agreements or the ongoing business relationship with the debtors involved. We further assessed the reasonableness of the allowance for doubtful debts by comparing the ageing of the trade receivables between the current and prior period.
Allowance for inventories The group holds significant inventories carried at the lower of cost and net realisable value. Such inventories comprise electrical and electronic components and products, lights and lighting components and cable and wire products for trading, which account for approximately 37.6% of the group's current assets. The determination of the net realisable value of inventories is dependent upon management's assessment of inventory obsolescence. This assessment involves the exercise of significant judgement in determining the allowance for inventory obsolescence which includes the age and type of inventory items, likelihood of obsolescence, past history of sales transactions, the condition of the inventory items, the demand for the products and whether the allowance for inventory 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 10 to the financial statements.	We performed procedures to understand management's process over the monitoring and review of inventory obsolescence 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 electrical and electronic components and products, lights and lighting components and cable and wire products for trading. We assessed the adequacy of disclosures made by management in respect of allowance for inventories.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 period 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.

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 responsible for the audit resulting in this independent auditor's report is Ms Seah Gek Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

21 September 2017

STATEMENTS OF FINANCIAL POSITION

30 June 2017

	Note	Group		Company	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
ASSETS					
Current assets					
Cash and bank balances	6	22,081	34,167	8,879	14,021
Trade receivables	7	80,795	101,453	41,521	60,141
Other receivables	8	2,320	3,469	2,837	3,506
Derivative financial instruments	9	167	41	167	41
Inventories	10	63,590	61,303	38,361	38,889
Total current assets		168,953	200,433	91,765	116,598
Non-current assets					
Other receivables	8	387	225	4,072	5,219
Subsidiaries	11	–	–	44,519	41,478
Associate	12	5,561	5,179	–	–
Property, plant and equipment	13	35,292	34,510	7,326	6,805
Investment property	14	3,052	–	–	–
Leasehold prepayments	15	136	140	–	–
Intangible assets	16	855	1,087	–	–
Deferred tax assets	17	76	66	–	–
Total non-current assets		45,359	41,207	55,917	53,502
Total assets		214,312	241,640	147,682	170,100
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank borrowings	18	9,994	36,913	–	18,728
Trade payables	19	23,504	24,883	9,915	15,984
Other payables	20	8,087	10,188	2,557	3,646
Current portion of finance leases	21	49	164	–	–
Derivative financial instruments	9	72	–	72	–
Income tax payable		2,314	3,081	1,500	2,036
Total current liabilities		44,020	75,229	14,044	40,394
Non-current liabilities					
Other payables	20	69	64	–	–
Non-current portion of finance leases	21	87	115	–	–
Deferred tax liabilities	17	1,649	1,453	410	90
Total non-current liabilities		1,805	1,632	410	90
Capital, reserves and non-controlling interests					
Share capital	22	56,288	56,288	56,288	56,288
Treasury shares	23	(950)	(950)	(950)	(950)
Reserves	24	112,047	105,180	77,890	74,278
Equity attributable to the owners of the company		167,385	160,518	133,228	129,616
Non-controlling interests		1,102	4,261	–	–
Total equity		168,487	164,779	133,228	129,616
Total liabilities and equity		214,312	241,640	147,682	170,100

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	25	279,653	320,909
Cost of sales		(222,104)	(256,179)
Gross profit		57,549	64,730
Other operating income	26	2,772	2,293
Selling and distribution expenses		(18,700)	(18,659)
Administrative expenses		(18,441)	(18,500)
Other operating expenses		(1,428)	(1,488)
Finance costs	27	(599)	(768)
Share of profit (loss) of an associate	12	342	(28)
Profit before income tax		21,495	27,580
Income tax expense	28	(3,153)	(3,603)
Profit for the year	29	18,342	23,977
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(717)	(1,076)
Changes in share of other comprehensive income of an associate		34	23
Other comprehensive loss for the year, net of tax		(683)	(1,053)
Total comprehensive income for the year		17,659	22,924
Profit for the year attributable to:			
Owners of the company		18,177	23,141
Non-controlling interests		165	836
		18,342	23,977
Total comprehensive income attributable to:			
Owners of the company		17,492	22,112
Non-controlling interests		167	812
		17,659	22,924
Earnings per share			
Basic (cents)	30	4.17	5.31
Diluted (cents)	30	4.17	5.31

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2017

	Note	Share capital $'000	Treasury shares $'000	Reserves: Foreign currency translation reserve $'000	Reserves: Other reserve $'000	Accumulated profits $'000	Equity attributable to shareholders of the company $'000	Non-controlling interests $'000	Total equity $'000
Group									
Balance at 1 July 2015		56,288	(950)	(1,781)	(728)	95,376	148,205	3,756	151,961
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	23,141	23,141	836	23,977
Other comprehensive loss for the year		–	–	(1,029)	–	–	(1,029)	(24)	(1,053)
Total		–	–	(1,029)	–	23,141	22,112	812	22,924
Transactions with owners, recognised directly in equity									
Dividend paid to non-controlling interests		–	–	–	–	–	–	(307)	(307)
Final dividend for the previous year paid	31	–	–	–	–	(6,533)	(6,533)	–	(6,533)
Interim dividend for the year paid	31	–	–	–	–	(3,266)	(3,266)	–	(3,266)
Total		–	–	–	–	(9,799)	(9,799)	(307)	(10,106)
Balance at 30 June 2016		56,288	(950)	(2,810)	(728)	108,718	160,518	4,261	164,779
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	18,177	18,177	165	18,342
Other comprehensive (loss) income for the year		–	–	(685)	–	–	(685)	2	(683)
Total		–	–	(685)	–	18,177	17,492	167	17,659
Transactions with owners, recognised directly in equity									
Acquisition of additional interest in a subsidiary		–	–	(34)	(362)	–	(396)	(3,004)	(3,400)
Share of post-acquisition reserve from an associate		–	–	–	6	–	6	–	6
Dividend paid to non-controlling interests		–	–	–	–	–	–	(322)	(322)
Final dividend for the previous year paid	31	–	–	–	–	(6,968)	(6,968)	–	(6,968)
Interim dividend for the year paid	31	–	–	–	–	(3,267)	(3,267)	–	(3,267)
Total		–	–	(34)	(356)	(10,235)	(10,625)	(3,326)	(13,951)
Balance at 30 June 2017		56,288	(950)	(3,529)	(1,084)	116,660	167,385	1,102	168,487

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2017

	Note	Share capital $'000	Reserves Treasury shares $'000	Reserves Accumulated profits $'000	Total equity $'000
Company					
Balance at 1 July 2015		56,288	(950)	67,537	122,875
Profit for the year, representing total comprehensive income for the year		–	–	16,540	16,540
Transactions with owners, recognised directly in equity					
Final dividend for the previous year paid	31	–	–	(6,533)	(6,533)
Interim dividend for the year paid	31	–	–	(3,266)	(3,266)
Total		–	–	(9,799)	(9,799)
Balance at 30 June 2016		56,288	(950)	74,278	129,616
Profit for the year, representing total comprehensive income for the year		–	–	13,847	13,847
Transactions with owners, recognised directly in equity					
Final dividend for the previous year paid	31	–	–	(6,968)	(6,968)
Interim dividend for the year paid	31	–	–	(3,267)	(3,267)
Total		–	–	(10,235)	(10,235)
Balance at 30 June 2017		56,288	(950)	77,890	133,228

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2017

	Group	
	2017	2016
	$'000	$'000
Operating activities		
Profit before income tax	21,495	27,580
Adjustments for:		
Depreciation expense	4,801	4,220
Amortisation expense	232	295
Interest income	(48)	(33)
Interest expense	599	768
Gain on disposal of property, plant and equipment	(732)	(79)
Gain on disposal of investment property	–	(29)
Property, plant and equipment written off	37	103
Inventories written off	250	217
Allowance for (Reversal of) inventories obsolescence	76	(66)
Bad debts (recovered) written off	(40)	85
Allowance for doubtful receivables	1,343	680
Reversal of provision of onerous contracts	(42)	(63)
Fair value adjustments on derivative financial instruments taken to profit or loss	(54)	(37)
Share of (profit) loss of an associate	(342)	28
Operating cash flows before movement in working capital	27,575	33,669
Trade receivables	18,903	(21,224)
Other receivables	983	1,967
Inventories	(2,885)	(4,065)
Trade payables	(1,403)	(584)
Other payables	(2,029)	2,025
Cash generated from operations	41,144	11,788
Income tax paid	(3,722)	(3,367)
Net cash from operating activities	37,422	8,421
Investing activities		
Acquisition of additional interest in a subsidiary	(3,400)	–
Purchase of property, plant and equipment [(a)]	(5,816)	(8,117)
Purchase of investment property	(3,182)	–
Proceeds from disposal of property, plant and equipment	791	90
Proceeds from disposal of investment property	–	50
Interest received	48	33
Net cash used in investing activities	(11,559)	(7,944)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2017

	Group	
	2017	2016
	$'000	$'000
Financing activities		
Proceeds from short-term bank borrowings	42,003	83,680
Repayment of short-term bank borrowings	(68,420)	(62,187)
Repayment of finance lease obligations	(164)	(334)
Interest paid	(599)	(768)
Dividend paid	(10,235)	(9,799)
Dividend paid to non-controlling interests	(322)	(307)
Net cash (used in) from financing activities	(37,737)	10,285
Net (decrease) increase in cash and cash equivalents	(11,874)	10,762
Cash and cash equivalents at beginning of year	34,167	23,491
Effects of exchange rate changes on the balance of cash held in foreign currencies	(212)	(86)
Cash and cash equivalents at end of year	22,081	34,167

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $5,840,000 (2016 : $8,422,000) of which $24,000 (2016 : $305,000) was acquired by means of finance leases. Cash payment of $5,816,000 (2016 : $8,117,000) were made to purchase property, plant and equipment.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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 associate are stated in Notes 11 and 12 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 2017 were authorised for issue by the Board of Directors on 21 September 2017.

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 Singapore Financial Reporting Standards in Singapore (“FRSs”).

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 FRS 102 *Share-based payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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 2016, the group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group’s and company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRSs that are relevant to the group and company were issued but not effective:

- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [1]
- FRS 109 *Financial Instruments* [2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [2]
- FRS 116 *Leases* [3]
- Amendments to FRS 110 *Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

[1] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

[2] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

[3] Applies to annual periods beginning on or after 1 January 2019, with early application permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.

[4] Application has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adaption of the above FRSs and amendments to FRS 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 adaption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments* (cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

  Management anticipates that the initial application of the new FRS 109 may result in changes to the accounting policies relating to the impairment provision of financial assets. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implanting FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity is entitled to in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may result in changes to the accounting policies relating to revenue recognition for certain revenue streams. Additional disclosures will be made with respect of revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the group is a lessee. A leased asset will be recognised on statement of financial position, representing the group's right to use the leased asset over the lease term and, recognise a corresponding liability to make lease payments. Additional disclosures may be made with respect if the group's exposure to asset risk and credit risk, where the group is the lessor. Management has commenced an assessment of the possible impact on implanting FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of the initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

IFRS Convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The group will be adopting the new framework for the first time for financial year ending 30 June 2019, with retrospective application to the comparative financial year ending 30 June 2018 and the opening statement of financial position as at 1 July 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any changes to the group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs.

Management expects the potential impact arising from new/revised IFRSs will be consistent with those described above for the corresponding new/revised FRSs.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS1. The preliminary assessment above may be subject to change arising from the detailed analysis.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 FRSs) 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 FRS 39, 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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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 FRS 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 FRS 12 *Income Taxes* and FRS 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 FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *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 FRS.

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 2017

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 becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active markets are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When trade or other receivables are uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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.

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

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. The group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in Note 9 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.

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.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the consolidated statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Inventories comprise electrical and electronic components and products, lights and lighting components and cable and wire products for trading 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 - Property, plant and equipment 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 100%
Plant and machinery	-	10% to 25%
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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible 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 FRS 105 *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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The requirements of FRS 39 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 FRS 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 FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

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 FRS 39. 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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOVERNMENT GRANTS - 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.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services that are of short duration is recognised upon billings raised for performance of services.

Revenue from rendering services that are project-based is recognised when the services are rendered, by reference to completion of the specific transaction and upon acceptance by the customer.

Interest income

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

Dividend income

Dividend income from investments 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

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.

(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) <u>Allowance for doubtful receivables</u>

Allowance for doubtful receivables of the group is based on an assessment of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including their current creditworthiness, past collection history of each customer and ongoing dealings with them. If the financial conditions of the counterparties with which the group contracted were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The allowance and carrying amount of doubtful receivables at the end of the reporting period are disclosed in Notes 7 and 8 to the financial statements.

ii) <u>Provision for onerous contracts</u>

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.

The provision for onerous contracts at the end of the reporting period is disclosed in Note 20 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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

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

iii) 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 10 to the financial statements.

iv) Impairment of investments in subsidiaries and an associate

Investment in subsidiaries and associate are stated at cost less impairment loss. The company follows the guidance of FRS 36 *Impairment of Assets* to determine when its investments in subsidiaries and associate are impaired. This determination requires management to evaluate, among other factors, the market and economic environment in which the subsidiaries and associate 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 $44,519,000 (2016 : $41,478,000) as disclosed in Note 11. No impairment is deemed to be necessary by management as there were no impairment indicators.

The carrying amount of investments in associates at the end of the reporting period is disclosed in Note 12 to the financial statements.

v) Impairment of customer relationships

Management of the group performs an impairment assessment of the customer relationships to determine whether there is any indication that they may be impaired as at the end of the reporting period. In making this assessment, management considers the estimates and assumptions used in determining the carrying value of customer relationships including account attrition, expected lives and other factors. Significant changes in these estimates and assumptions could adversely impact the valuation of the customer relationships.

Management has assessed that the estimates and assumptions used in prior years remain appropriate and no impairment in customer relationships is required. The carrying value of customer relationships is $855,000 (2016 : $1,087,000) as at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	104,303	137,266	57,090	82,577
Derivative financial instruments	167	41	167	41
Financial liabilities				
Amortised cost	40,612	70,849	12,470	38,356
Derivative financial instruments	72	–	72	–

(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.

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.

NOTES TO FINANCIAL STATEMENTS
Year ended 30 June 2017

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)

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				Company			
	Liabilities		Assets		Liabilities		Assets	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States dollar	9,109	11,141	4,714	6,481	6,539	9,023	1,283	866
Euro	936	1,805	–	17	877	1,737	–	–
Singapore dollar	1,496	1,623	817	4,097	–	–	–	–
Malaysian ringgit	217	454	–	488	217	454	–	488

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 2017 and 2016 are disclosed in Note 9.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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

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.

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Group								
Profit or loss	(2,365)	(2,027)	94	179	68	(247)	22	(3)
Company								
Profit or loss	(2,278)	(1,610)	88	174	–	–	22	(3)

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 and leases of the group are disclosed in Notes 18 and 21 to the financial statements.

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 date of the group's interest-bearing financial instruments can be found in Section (iv) of this note.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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

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

iii) 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. In 2016, the group and company entered into a credit insurance policy to limit its credit exposure arising from its trade customers.

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 is exposed to a concentration of credit risk as trade receivables amounting to about 7% (2016 : 10%) and 14% (2016 : 16%) respectively are due mainly from two key customers (2016: one key customer) with good payment histories. The group commenced legal action against two customers for which the group and company has made an allowance of $1,670,000 (2016 : $1,612,000) and $1,510,000 (2016 : $1,452,000) respectively.

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.

The credit risk for gross trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
By geographical areas				
Singapore	62,806	80,483	41,175	59,126
Malaysia	13,681	13,974	591	485
Brunei	1,461	1,623	131	75
Vietnam	3,542	4,167	881	767
Indonesia	1,123	2,109	87	400
Thailand	688	776	657	747
Others	496	208	123	1
Total gross trade receivables	83,797	103,340	43,645	61,601

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

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

iv) 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.

Liquidity and interest risk analyses

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 % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2017					
Non-interest bearing	–	30,413	69	–	30,482
Finance lease liability (fixed rate)	6.72	49	103	(16)	136
Fixed interest rate instruments	3.26	10,319	–	(325)	9,994
		40,781	172	(341)	40,612
2016					
Non-interest bearing	–	33,593	64	–	33,657
Finance lease liability (fixed rate)	8.24	166	136	(23)	279
Fixed interest rate instruments	2.83	37,959	–	(1,046)	36,913
		71,718	200	(1,069)	70,849
Company					
2017					
Non-interest bearing	–	12,470	–	–	12,470
2016					
Non-interest bearing	–	19,628	–	–	19,628
Fixed interest rate instruments	2.09	19,119	–	(391)	18,728
		38,747	–	(391)	38,356

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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

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

iv) Liquidity risk management (cont'd)

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 32 is $9,994,000 (2016 : $18,185,000). The earliest period that the guarantee could be called is within 1 year (2016 : 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.

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 % p.a.	On demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustments $'000	Total $'000
Group					
2017					
Non-interest bearing	–	102,933	387	–	103,320
Fixed interest rate instruments	3.40	1,016	–	(33)	983
		103,949	387	(33)	104,303
2016					
Non-interest bearing	–	132,339	225	–	132,564
Fixed interest rate instruments	3.40	4,862	–	(160)	4,702
		137,201	225	(160)	137,266
Company					
2017					
Non-interest bearing	–	51,898	–	–	51,898
Fixed interest rate instruments	1.70	1,200	4,197	(205)	5,192
		53,098	4,197	(205)	57,090
2016					
Non-interest bearing	–	76,283	–	–	76,283
Fixed interest rate instruments	1.70	1,200	5,397	(303)	6,294
		77,483	5,397	(303)	82,577

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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

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

iv) Liquidity risk management (cont'd)

Derivative financial instruments

As at 30 June 2017, 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 $72,000 in liabilities (2016 : $31,000 in assets) and $167,000 in assets (2016 : $10,000 in assets).

v) 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. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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 18 and 21 (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 22 to 24.

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 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

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

(c) *Capital management policies and objectives (cont'd)*

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 2016.

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	
	2017 $'000	2016 $'000
Sales to associates	(6,670)	(6,586)
<u>Companies in which key management have interests:</u>		
Sales	(877)	(2,047)
Purchases	267	380
Sales of plant and machinery from (to) a related party	99	(154)
Sub-contract charges by a related party	–	(164)
Wages paid on behalf by a related party	918	146
Services provided by a related party	508	23
Advances to a related party	–	253
Rental of fixed assets by a related party	61	–
Other expenses due (from) to a related party	(111)	28

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2017 $'000	2016 $'000
Short-term benefits	6,759	7,670
Post-employment benefits	347	374
	7,106	8,044

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

6 CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	21,098	29,465	8,879	14,021
Fixed deposits	983	4,702	–	–
	22,081	34,167	8,879	14,021

The fixed deposits bear interest ranging at 0.25% to 3.40% (2016 : 0.25% to 3.40%) per annum and are due within 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Outside parties	80,631	98,937	39,803	57,361
Less: Allowance for doubtful receivables	(3,002)	(1,887)	(2,124)	(1,460)
	77,629	97,050	37,679	55,901
Related parties (Note 5)	798	864	132	75
Subsidiaries (Note 11)	–	–	1,628	1,531
Associates (Note 12)	2,368	3,539	2,082	2,634
	80,795	101,453	41,521	60,141

The average credit period on sales of goods is 30 to 120 days (2016 : 30 to 120 days). No interest is charged on the trade receivables.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Management believes that there is no further allowance required in excess of the allowance for doubtful receivables as there has been no significant change in credit quality and the amounts of receivables (net of allowances) are still considered recoverable.

Included in the group's and company's trade receivables are debtors with a carrying amount of $37,342,000 (2016 : $41,284,000) and $16,198,000 (2016 : $23,779,000) respectively which are past due at the reporting date for which the group and company have not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. There has also not been a significant change in credit quality of the balances that are not past due.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at 30 June respectively:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Not past due and not impaired	43,453	60,169	25,323	36,362
Past due but not impaired	37,342	41,284	16,198	23,779
	80,795	101,453	41,521	60,141
Impaired receivables - individually assessed [(i), (ii)] :				
- Past due more than 6 months and no response to repayment demands	3,002	1,887	2,124	1,460
Less: Allowance for impairment	(3,002)	(1,887)	(2,124)	(1,460)
	–	–	–	–
Total trade receivables, net	80,795	101,453	41,521	60,141
Aging of receivables that are past due but not impaired				
< 3 months	31,065	33,431	13,847	19,442
3 months to 6 months	3,416	4,717	1,263	3,109
6 months to 12 months	1,883	2,301	758	1,085
> 12 months	978	835	330	143
	37,342	41,284	16,198	23,779

(i) These amounts are stated before any deduction for impairment losses.

(ii) These receivables are not secured by any collateral or credit enhancements.

Movements in the allowance for doubtful receivables:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning of the year	1,887	1,932	1,460	1,056
Charge to profit or loss	1,343	659	713	443
Amounts written off during the year	(222)	(697)	(49)	(39)
Currency realignment	(6)	(7)	–	–
Balance at end of the year	3,002	1,887	2,124	1,460

8 OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Subsidiaries (Note 11)	–	–	1,334	1,948
Loan to a subsidiary (Note 11)	–	–	5,192	6,294
Related parties (Note 5)	426	523	–	–
Advances to staff	361	274	149	168
Prepayments	1,087	1,928	219	310
Leasehold prepayments (current portion) (Note 15)	4	4	–	–
Loan to directors	8	59	–	–
Other deposits	368	382	13	3
Advance to suppliers	71	116	–	–
Tax recoverable	118	–	–	–
Others	285	429	2	2
Total	2,728	3,715	6,909	8,725
Less: Non-current other receivables	(387)	(225)	(4,072)	(5,219)
Less: Allowance for doubtful receivables	(21)	(21)	–	–
Current other receivables	2,320	3,469	2,837	3,506

The fair value of the non-current other receivables approximates its carrying amount.

The loan to a subsidiary of $5,192,000 (2016 : $6,294,000) bears interest at a fixed rate of 1.70% per annum, is unsecured and is to be repaid over 8 years, with fixed monthly instalments of $100,000 that commenced from December 2014.

The loan to directors are unsecured, interest-free and payable on demand.

Movements in the allowance for doubtful receivables:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning of the year	21	–	–	–
Charge to profit or loss	–	21	–	–
Balance at end of the year	21	21	–	–

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

9 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company		Group		Company	
	2017		2017		2016		2016	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Forward foreign exchange contracts	–	(72)	–	(72)	31	–	31	–
Copper contracts	167	–	167	–	10	–	10	–
Total	167	(72)	167	(72)	41	–	41	–

Forward foreign exchange contracts

As at 30 June 2017 and 2016, the group 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 principal markets.

Details of the group's forward foreign currency contracts outstanding as at the end of the reporting period are as follows:

	Foreign currency		Notional contract value		Fair value	
	2017	2016	2017	2016	2017	2016
	FC'000	FC'000	$'000	$'000	$'000	$'000
Group						
Buy United States dollar less than 12 months	20,000	18,500	27,652	24,925	(72)	31
Company						
Buy United States dollar less than 12 months	20,000	18,000	27,652	24,252	(72)	31

As at 30 June 2017, the fair value of forward foreign exchange contracts for the group and the company was at a net liabilities position amounting to $72,000 (2016 : net assets position amounting to $31,000). 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 2017, the group and the company had outstanding copper contracts that were used to hedge significant future fluctuations in copper prices.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

10 INVENTORIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Raw materials	8,083	9,162	5,605	6,975
Work-in-progress	12,425	12,332	7,219	7,045
Finished goods, at cost	40,062	34,944	23,089	20,705
Goods-in-transit	3,020	4,865	2,448	4,164
	63,590	61,303	38,361	38,889

Inventories are stated net of an allowance of $352,000 (2016 : $276,000). In addition, $250,000 (2016 : $217,000) of inventories were written off as they were assessed to be not saleable. During the year, there is an allowance for inventories obsolescence of $76,000 (2016 : Write back of $66,000).

11 SUBSIDIARIES

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares, at cost	36,429	33,029
Deemed investment [(a)]	7,302	6,431
Advances	788	2,018
	44,519	41,478

The advances to subsidiaries are unsecured, interest-free, substantially non-trade in nature and are deemed to be part of the net investments as they are not expected to be repaid in the foreseeable future.

(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 in an indicative range of between 1% p.a to 2% p.a 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	
		2017 %	2016 %
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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

11 SUBSIDIARIES (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held 2017 %	2016 %
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
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), (e)]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	100	79.1
CiPGi Pte Ltd (subsidiary of CAST Laboratories Pte Ltd) [(a)]	Provision of technical testing services, analysis services, construction and infrastructure maintenance activities/ Singapore	100	79.1
CASTconsult Sdn Bhd (subsidiary of CAST Laboratories Pte Ltd) [(b)]	General construction and technical engineering/ Malaysia	100	79.1
PT CAST Laboratories Indonesia (subsidiary of CAST Laboratories Pte Ltd) [(d)]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	95	75.15

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

11 SUBSIDIARIES (cont'd)

[(a)] Audited by Deloitte & Touche LLP, Singapore.

[(b)] Audited by member firms 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

[(e)] During the year ended 30 June 2017, the group acquired additional interest in CAST Laboratories Pte Ltd ("CAST") from non-controlling shareholders. As a result, the group's equity interest in CAST increased from 79.1% to 100%.

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2017	2016
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	1
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	–
Provision of technical testing services, analysis services, construction and infrastructure maintenance activities	Singapore	1	–
General construction and technical engineering	Malaysia	1	–
		11	8

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

11 SUBSIDIARIES (cont'd)

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2017	2016
Trading of electrical products	Vietnam	1	1
Electrical switchboards, feeder pillars and components manufacturer and dealer in such products	Brunei	1	1
Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding	Singapore	–	1
Provision of technical testing services, analysis services, construction and infrastructure maintenance activities	Singapore	–	1
General construction and technical engineering	Malaysia	–	1
Provision of oil and gas, non-construction, testing and analysis services	Indonesia	1	1
		3	6

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	
		2017	2016	2017	2016	2017	2016
		%	%	$'000	$'000	$'000	$'000
PKS Sdn Bhd	Brunei	30	30	93	113	727	934
CAST Laboratories Pte Ltd and its subsidiaries [(a)]	Singapore	5	20.9	7	656	126	3,137
Lim Kim Hai Electric (VN) Company Limited	Vietnam	10	10	65	67	249	190
Total				165	836	1,102	4,261

[(a)] On 1 July 2016, the group acquired additional interest in CAST from non-controlling shareholders. As a result, the material non-controlling interest in CAST Laboratories Pte Ltd and its subsidiaries for the year ended 30 June 2017 only pertains to PT CAST Laboratories Indonesia.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

11 SUBSIDIARIES (cont'd)

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.

	PKS Sdn Bhd		CAST Laboratories Pte Ltd and its subsidiaries[b]		Lim Kim Hai Electric (VN) Company Limited	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current assets	2,765	3,616	1,609	13,368	4,264	4,168
Non-current assets	53	97	1,260	14,438	123	161
Current liabilities	(396)	(601)	(290)	(7,591)	(1,894)	(2,431)
Non-current liabilities	–	–	(69)	(5,684)	–	–
Equity attributable to owners of the company	1,695	2,178	2,384	11,394	2,244	1,708
Non-controlling interests	727	934	126	3,137	249	190
Revenue	5,179	6,890	2,724	27,129	24,066	22,386
Expenses	(4,869)	(6,513)	(2,597)	(24,240)	(23,407)	(21,713)
Profit for the year	310	377	127	2,889	659	673
Profit attributable to owners of the company	217	264	121	2,233	593	606
Profit attributable to the non-controlling interests	93	113	6	656	66	67
Profit for the year	310	377	127	2,889	659	673
Other comprehensive (loss) income attributable to owners of the company	–	–	(41)	(47)	6	(33)
Other comprehensive income (loss) attributable to the non-controlling interests	–	–	1	(20)	1	(4)
Other comprehensive (loss) income for the year	–	–	(40)	(67)	7	(37)
Total comprehensive income attributable to owners of the company	217	264	80	2,186	599	573
Total comprehensive income attributable to the non-controlling interests	93	113	7	636	67	63
Total comprehensive income for the year	310	377	87	2,822	666	636
Dividends paid to non-controlling interests	300	300	15	–	7	7
Net cash inflow (outflow) from operating activities	36	1,646	(68)	4,131	200	315
Net cash outflow from investing activities	–	(25)	(349)	(2,018)	–	(68)
Net cash outflow from financing activities	(1,000)	(1,000)	(299)	(1,504)	(70)	(68)
Net cash (outflow) inflow	(964)	621	(716)	609	130	179

[b] The figures in current year pertains to PT CAST Laboratories Indonesia only.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

12 ASSOCIATE

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	1,800	1,800	–	–
Share of post–acquisition results and reserves, net of dividends received	3,761	3,379	–	–
	5,561	5,179	–	–

Details of the group's associate and its significant investments are as follows:

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
		2017	2016	2017	2016
		%	%	%	%
Held by Lim Kim Hai Electric Co (S) Pte Ltd					
Nylect International Pte. Ltd. [(a)]	Investment holding/ Singapore	30	30	30	30
Held by Nylect International Pte. Ltd.					
Nylect Engineering Pte Ltd [(a)]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
Nylect Technology Ltd Vietnam [(b)]	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
Held by Nylect Technology Ltd Vietnam					
Nylect Technology (Myanmar) Ltd [(b)]	Mechanical and electrical design and installation/ Myanmar	30	30	30	30
Held by Nylect Engineering Pte Ltd					
NEPL Pte Ltd [(a)]	Mechanical and electrical design and installation/ Singapore	100	100	100	100

(a) Audited by RSM Chio Lim LLP, Singapore and member firms of RSM International.

(b) Audited by firms of accountants other than member firms of RSM International.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

12 ASSOCIATE (cont'd)

The above associate is 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 2016 and the unaudited consolidated management accounts for the intervening period till 30 June 2017 have been used.

ii. The group has significant influence over Nylect International 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.

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 FRS, adjusted by the group for equity accounting purposes.

Summarised financial information in respect of the group's associate is set out below:

	2017 $'000	2016 $'000
Current assets	29,678	32,911
Non-current assets	10,825	11,091
Current liabilities	(19,798)	(25,374)
Non-current liabilities	(2,170)	(1,363)
Revenue	51,198	55,303
Profit (Loss) for the year	1,138	(92)
Other comprehensive income (loss) for the year	112	(77)
Total comprehensive income (loss) for the year	1,250	(169)

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:

	2017 $'000	2016 $'000
Net assets of the associate	18,535	17,264
Proportion of the group's ownership interest in an associate	30%	30%
Carrying amount of the group's interest in an associate	5,561	5,179

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold property $'000	Leasehold land and buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group							
Cost:							
At 1 July 2015	2,257	1,631	26,746	6,746	27,570	3,032	67,982
Currency realignment	(144)	(105)	(21)	(63)	(469)	(30)	(832)
Additions	–	–	464	2,402	4,880	676	8,422
Disposals	–	–	–	(631)	(122)	(272)	(1,025)
Write-offs	–	–	–	(1,103)	(601)	(52)	(1,756)
Reclassification from investment property (Note 14)	–	1,059	–	–	–	–	1,059
At 30 June 2016	2,113	2,585	27,189	7,351	31,258	3,354	73,850
Currency realignment	(82)	(60)	14	(27)	(155)	(10)	(320)
Additions	–	102	10	1,120	3,661	947	5,840
Disposals	–	–	(210)	(144)	(67)	(264)	(685)
Write-offs	–	–	–	(161)	(880)	(24)	(1,065)
Reclassification	–	–	–	7	–	(7)	–
At 30 June 2017	2,031	2,627	27,003	8,146	33,817	3,996	77,620
Accumulated depreciation:							
At 1 July 2015	–	344	12,365	4,463	19,415	1,625	38,212
Currency realignment	–	(22)	(1)	(45)	(334)	(12)	(414)
Depreciation	–	58	504	1,134	1,958	555	4,209
Disposals	–	–	–	(626)	(114)	(274)	(1,014)
Write-offs	–	–	–	(1,052)	(549)	(52)	(1,653)
At 30 June 2016	–	380	12,868	3,874	20,376	1,842	39,340
Currency realignment	–	(14)	1	(18)	(88)	(2)	(121)
Depreciation	–	68	513	1,308	2,292	582	4,763
Disposals	–	–	(210)	(139)	(13)	(264)	(626)
Write-offs	–	–	–	(158)	(846)	(24)	(1,028)
Reclassification	–	–	–	(2)	–	2	–
At 30 June 2017	–	434	13,172	4,865	21,721	2,136	42,328
Carrying amount:							
At 30 June 2017	2,031	2,193	13,831	3,281	12,096	1,860	35,292
At 30 June 2016	2,113	2,205	14,321	3,477	10,882	1,512	34,510

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 July 2015	7,568	1,863	14,899	1,526	25,856
Additions	–	175	2,894	241	3,310
Disposals	–	(7)	(31)	(58)	(96)
Write-offs	–	(775)	(214)	(52)	(1,041)
At 30 June 2016	7,568	1,256	17,548	1,657	28,029
Additions	–	149	1,276	441	1,866
Disposals	–	–	–	(227)	(227)
Write-offs	–	(102)	(837)	–	(939)
At 30 June 2017	7,568	1,303	17,987	1,871	28,729
Accumulated depreciation:					
At 1 July 2015	6,987	1,505	11,890	875	21,257
Depreciation	34	125	667	272	1,098
Disposals	–	(7)	(31)	(58)	(96)
Write-offs	–	(769)	(214)	(52)	(1,035)
At 30 June 2016	7,021	854	12,312	1,037	21,224
Depreciation	34	153	856	271	1,314
Disposals	–	–	–	(227)	(227)
Write-offs	–	(102)	(806)	–	(908)
At 30 June 2017	7,055	905	12,362	1,081	21,403
Carrying amount:					
At 30 June 2017	513	398	5,625	790	7,326
At 30 June 2016	547	402	5,236	620	6,805

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The group's freehold land, freehold properties, leasehold land and buildings comprise the following:

Location	Title	Description
24 Gul Crescent Singapore 629531	Leasehold (52 years from 1 August 1980)	Factory building
22 Gul Crescent Singapore 629530	Leasehold (28 years 7 months from 31 December 2004)	Factory building
11 Gul Lane Singapore 629410	Leasehold (51 years 16 days from 16 July 1981)	Factory building
53 Kallang Place Singapore 339177	Leasehold (60 years from 1 April 1976)	Industrial building
27 Gul Avenue Singapore 629667	Leasehold (60 years from 1 July 1979)	Factory building
PTD 37433, 37434 & 37444 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim Malaysia	Freehold	Factory building
Lot B Kawasan Perindustrian Beribi 1 Jalan Gadong BE1118 Bandar Seri Begawan Negara Brunei Darussalam	Leasehold (20 years from 1 July 2012)	Factory building
No. 20 VSIP II, Street 2, Vietnam Singapore Industrial Park 2 Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam	Leasehold (50 years from 29 June 2006)	Factory building
17 Tuas Avenue 8 Singapore 639232	Leasehold (60 years from 16 December 1995)	Factory building
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
63 Hillview Avenue Lam Soon Industrial Building #10-21 Singapore 669569	Freehold	Flatted factory unit
The Central Sukajadi Block B1, No. 3A-5 Batam 29462, Indonesia	Leasehold (30 years from 5 August 2003)	Office shop lot

The carrying amount of motor vehicles, office equipment, plant and machinery under finance leases for the group as at 30 June 2017 is $217,000 (2016 : $493,000).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

14 INVESTMENT PROPERTY

	Group
	$'000
Cost:	
At 1 July 2015	1,559
Reclassified to property, plant and equipment (Note A)	(1,530)
Disposals	(29)
At 30 June 2016	–
Addition	3,182
Currency realignment	(92)
At 30 June 2017	3,090
Accumulated depreciation:	
At 1 July 2015	468
Depreciation	11
Reclassified to property, plant and equipment (Note A)	(471)
Disposals	(8)
At 30 June 2016	–
Depreciation	38
At 30 June 2017	38
Carrying amount:	
At 30 June 2017	3,052
At 30 June 2016	–

Note A: During the year ended 30 June 2016, the investment property was being used as office premise for the group, hence it was reclassified as property, plant and equipment.

The investment property of the group as at 30 June 2017 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 $136,000 (2016: $7,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $7,000 (2016: $9,000).

The fair value of the investment property as at 30 June 2017 amounted to $3,148,000 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 2017

15 LEASEHOLD PREPAYMENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Leasehold prepayments	140	144	–	–
Less: Current portion included as prepayment (Note 8)	(4)	(4)	–	–
	136	140	–	–

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.

16 INTANGIBLE ASSETS

	Customer relationships $'000	Proprietary application software $'000	Total $'000
Group			
Cost:			
At 1 July 2015 and 30 June 2016 and 2017	2,114	219	2,333
Accumulated amortisation:			
At 1 July 2015	795	156	951
Amortisation	232	63	295
At 30 June 2016	1,027	219	1,246
Amortisation	232	–	232
At 30 June 2017	1,259	219	1,478
Carrying amount:			
At 30 June 2017	855	–	855
At 30 June 2016	1,087	–	1,087

The amortisation expenses of customer relationship 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 4 years (2016 : 5 years).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

17 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax assets	76	66	–	–
Deferred tax liabilities	(1,649)	(1,453)	(410)	(90)

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 2015	84	46	130
Charge to profit or loss	(39)	(20)	(59)
Currency realignment	(8)	3	(5)
At 30 June 2016	37	29	66
Charge (Credit) to profit or loss	21	(6)	15
Currency realignment	(6)	1	(5)
At 30 June 2017	52	24	76

Deferred tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
Group			
At 1 July 2015	(1,381)	(160)	(1,541)
Credit to profit or loss	44	27	71
Currency realignment	17	–	17
At 30 June 2016	(1,320)	(133)	(1,453)
(Charge) Credit to profit or loss	(232)	27	(205)
Currency realignment	9	–	9
At 30 June 2017	(1,543)	(106)	(1,649)

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

17 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 $56.14 million (2016 : $50.90 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 2015	(304)
Credit to profit or loss	214
At 30 June 2016	(90)
Charge to profit or loss	(320)
At 30 June 2017	(410)

18 SHORT-TERM BANK BORROWINGS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Bank loan - secured	1,340	3,148	–	–
Trust receipts and bills payable to banks	8,654	33,765	–	18,728
	9,994	36,913	–	18,728

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 RM62.20 million ($19.98 million) [2016 : RM62.20 million ($20.79 million)], US$5.0 million ($6.90 million) [2016 : US$5.0 million ($6.75 million)] and $7.0 million (2016 : $7.0 million) by the company (Note 32).

The short-term bank borrowings bear fixed interest rates ranging from 1.50% to 3.53% (2016 : 1.50% to 6.54%) and Nil% (2016 : 1.94% to 2.45%) for the group and company respectively per annum and are due within 12 months.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

19 TRADE PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Outside parties	23,322	24,806	8,250	9,971
Related parties (Note 5)	182	77	–	–
Subsidiaries (Note 11)	–	–	1,665	6,013
	23,504	24,883	9,915	15,984

The average credit period on purchases of goods is 90 days (2016 : 90 days).

20 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Accruals (1)	6,021	7,293	1,900	2,875
Provision for directors' fees	311	289	70	58
Provision for onerous contracts	–	42	–	–
Deposit from customers	1,178	1,436	2	2
Related party (Note 5)	56	151	–	–
Sundry payables	590	1,041	185	311
Subsidiary (Note 11)	–	–	400	400
Total	8,156	10,252	2,557	3,646
Less: Non-current other payables	(69)	(64)	–	–
Current other payables	8,087	10,188	2,557	3,646

(1) Accruals mainly relate to accruals for staff costs.

Provision for onerous contracts

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning of year	42	105	–	–
Credit to profit or loss	(42)	(63)	–	–
Balance at end of year	–	42	–	–

Management assesses their best estimate for losses arising from fixed price onerous contracts for which deliveries and services are expected to be made after the year end. The provision for onerous contracts at the end of the reporting period is $Nil (2016 : $42,000). All deliveries made and services rendered during the financial year ended 30 June 2017 which have incurred losses are charged to cost of sales in profit or loss in the financial year ended 30 June 2017.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

21 OBLIGATION UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Amounts payable under finance leases:				
Within one year	49	166	42	164
In the second to fifth year inclusive	102	136	94	115
	151	302	136	279
Less: Future finance charges	(15)	(23)	N/A	N/A
Present value of leases	136	279	136	279
Less: Amount due for settlement within 12 months (shown under current liabilities)			(49)	(164)
Amount due for settlement after 12 months			87	115

The group enters into finance leasing arrangements for certain of its motor vehicles, office equipment, plant and machinery. All leases are denominated in the functional currencies of the respective entities.

The carrying amounts of the group's finance lease payables at 30 June 2017 and 2016 approximate their fair value.

The rates of interest for the finance leases were 3.50% to 13.21% (2016 : 1.78% to 6.77%) for the group per annum.

22 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	$'000
Issued and paid up capital:		
At 1 July 2015, 30 June 2016 and 30 June 2017	438,242,791	56,288

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend.

23 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	$'000
At 1 July 2015, 30 June 2016 and 30 June 2017	2,727,000	950

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

24 RESERVES

Other reserves

Other reserves include share of post-acquisition reserve of an associate 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.

25 REVENUE

	Group	
	2017 $'000	2016 $'000
Sales of goods	252,631	293,780
Rendering of services	27,022	27,129
	279,653	320,909

26 OTHER OPERATING INCOME

	Group	
	2017 $'000	2016 $'000
Bad debts recovered	40	207
Gain on disposal of property, plant and equipment	732	79
Gain on disposal of investment property	–	29
Gain on foreign currency exchange	322	–
Interest income from deposits	48	33
Rental of investment property (Note 14)	136	7
Scrap sales	824	766
Insurance premium refunded	–	168
Fair value adjustment on derivative financial instruments taken to profit or loss	54	37
Government grants	415	770
Others	201	197
	2,772	2,293

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

27 FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense	599	768

28 INCOME TAX EXPENSE

	Group	
	2017	2016
	$'000	$'000
Income tax		
Current	3,016	3,729
Overprovision in prior years	(94)	(102)
	2,922	3,627
Deferred income tax		
Current	320	(15)
Overprovision in prior years	(122)	(9)
	198	(24)
Withholding tax	33	–
Total income tax expense	3,153	3,603

Domestic income tax is calculated at 17% (2016 : 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	
	2017	2016
	$'000	$'000
Profit before income tax	21,495	27,580
Income tax expense at domestic rate of 17% (2016 : 17%)	3,654	4,689
Non-deductible items	37	167
Deferred tax benefits not recognised	(32)	(20)
Overprovision of taxation in prior years	(216)	(111)
Tax rebates	(136)	(155)
Effect of different tax rates of subsidiaries operating in other jurisdictions	39	242
Utilisation of deferred tax benefits previously not recognised	(42)	(90)
Withholding tax	33	–
Productivity and Innovation Credit enhanced deduction	(287)	(1,033)
Others	103	(86)
	3,153	3,603

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

28 INCOME TAX EXPENSE (cont'd)

The subsidiaries have tax loss carry forwards and temporary differences from capital allowance available for offsetting against future taxable income as follows:

	Group	
	2017	2016
	$'000	$'000
Unutilised capital allowance		
Balance at beginning of year	2,928	–
Adjustment	–	2,928
Balance at end of year	2,928	2,928
Tax loss carry forwards		
Balance at beginning of year	3,222	3,903
Adjustment	137	(558)
Arising (Utilised) during the year	45	(123)
Balance at end of year	3,404	3,222
Total	6,332	6,150
Deferred tax benefits on above:		
Unrecorded	1,076	1,046

Deferred tax benefit varies from the Singapore statutory rate as they include deferred tax on overseas operations.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

29 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2017	2016
	$'000	$'000
Directors' remuneration:		
of the company	1,344	2,230
of the subsidiaries	2,444	2,448
Total directors' remuneration	3,788	4,678
Directors' fee	419	457
Audit fees:		
Auditors of the company	223	237
Other auditors	33	47
Non-audit fees:		
Paid to auditors of the company	65	32
Other auditors	15	28
Cost of inventories recognised as expense	202,791	237,909
Foreign currency exchange adjustment (gain) loss	(322)	410
Property, plant and equipment written off	36	103
Inventories written off	250	217
Allowance for (Reversal of) inventories obsolescence	76	(66)
Reversal of provision for onerous contracts	(42)	(63)
Bad debts (recovered) written off	(40)	85
Allowance for doubtful receivables	1,343	680
Amortisation of leasehold prepayments	4	4
Depreciation expense	4,801	4,220
Amortisation expense	232	295
Gain on disposal of property, plant and equipment	(732)	(79)
Gain on disposal of investment property	–	(29)
Employee benefits expense (including directors' remuneration)	42,757	41,046
Cost of defined contribution plans included in employee benefits expense	2,986	2,664

30 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	
	2017	2016
	$'000	$'000
Earnings for the purposes of calculation of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	18,177	23,141

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

30 EARNINGS PER SHARE (cont'd)

Number of shares

	Group	
	2017	2016
Number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	435,515,791	435,515,791

31 DIVIDENDS

During the financial year ended 30 June 2017, the company declared and paid dividends totaling $10.235 million. Details were as follows:

(a) Final tax-exempt dividend of 1.60 cent per ordinary share in respect of the financial year ended 30 June 2016 totalling $6.968 million;

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2017 totaling $3.267 million.

During the financial year ended 30 June 2016, the company declared and paid dividends totalling $9.799 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 2015 totalling $6.533 million;

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2016 totaling $3.266 million.

Subsequent to 30 June 2017, the directors of the company recommended that a final tax-exempt dividend be paid at 1.60 cent per ordinary share totalling $6.968 million for the financial year ended 30 June 2017. 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.

32 CONTINGENT LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Corporate guarantee in relation to credit facilities granted to subsidiaries (Note 18)	–	–	58,089	58,597

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

33 COMMITMENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	47,034	26,719	47,034	26,719
Capital commitment for the acquisition of property, plant and equipment	–	3,111	–	–
	47,034	29,830	47,034	26,719

34 OPERATING LEASE COMMITMENTS

The group as lessee

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,027	2,082	392	426

At the end of the reporting period, the group and company has outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	1,432	1,445	380	392
In the second to fifth year inclusive	3,518	3,499	1,497	1,548
After five years	7,989	8,746	3,751	4,255
Total	12,939	13,690	5,628	6,195

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.

The lease of land is subject to annual adjustment to market rate with any increase capped at a percentage of the immediate preceding year's rental.

Certain leases have varying terms and are subject to revisions to reflect current market rental and value. The operating lease commitments estimated above were in respect of these leases determined assuming the same rental expense fixed as at end of the reporting period till the end of the lease.

34 OPERATING LEASE COMMITMENTS (cont'd)

The group as lessor

The group rents out its investment property under operating leases. Rental income earned during the year was $136,000 (2016 : $7,000).

At the end of the reporting period, the outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group	
	2017	2016
	$'000	$'000
Future minimum lease receivables:		
Within one year	58	–

35 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.
- *Switchboard.* Includes manufacturing and dealing in electrical switchboards, feeders pillars and components.
- *Electrical Material Distribution.* Includes distribution of electrical products.
- *Test & Inspection.* Includes laboratories for tests, experiments and researches and provision of quality consultancy services.
- *Others.* Investment holding.

Accordingly, the above are the group's reportable segments under FRS 108. 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.

NOTES TO FINANCIAL STATEMENTS
Year ended 30 June 2017

35 SEGMENT INFORMATION (cont'd)

	Cable & Wire $'000	Switch-board $'000	Electrical Material Distribution $'000	Test & Inspection $'000	Others $'000	Elimination $'000	Total $'000
Segment revenue and results							
2017							
REVENUE							
External sales	174,910	5,179	72,542	27,022	–	–	279,653
Inter-segment sales	1,377	–	493	–	–	(1,870)	–
Total revenue	176,287	5,179	73,035	27,022	–	(1,870)	279,653
RESULT							
Segment result	16,264	350	2,936	2,192	(38)	–	21,704
Interest expense	(546)	–	(4)	(49)	–	–	(599)
Interest income	38	–	1	9	–	–	48
Share of profit of an associate	–	–	342	–	–	–	342
Income tax expense							(3,153)
Non-controlling interests							(165)
Profit attributable to shareholders of the company							18,177
2016							
REVENUE							
External sales	216,853	6,890	70,037	27,129	–	–	320,909
Inter-segment sales	1,051	–	2	–	–	(1,053)	–
Total revenue	217,904	6,890	70,039	27,129	–	(1,053)	320,909
RESULT							
Segment result	21,370	443	2,863	3,697	(30)	–	28,343
Interest expense	(668)	–	(11)	(89)	–	–	(768)
Interest income	26	–	1	6	–	–	33
Share of loss of an associate	–	–	(28)	–	–	–	(28)
Income tax expense							(3,603)
Non-controlling interests							(836)
Profit attributable to shareholders of the company							23,141

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $1,870,000 (2016 : $1,053,000) 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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

35 SEGMENT INFORMATION (cont'd)

SEGMENT ASSETS

	Cable & Wire $'000	Switch-board $'000	Electrical Material Distribution $'000	Test & Inspection $'000	Others $'000	Total $'000
Segment assets						
2017						
Segment assets	138,794	2,664	40,604	26,278	168	208,508
Interest in an associate	–	–	5,561	–	–	5,561
Unallocated segment assets	179	–	–	64	–	243
Consolidated total assets						214,312
2016						
Segment assets	164,722	3,559	39,242	27,749	1,082	236,354
Interest in an associate	–	–	5,179	–	–	5,179
Unallocated segment assets						107
Consolidated total assets						241,640

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.

	Cable & Wire $'000	Switch-board $'000	Electrical Material Distribution $'000	Test & Inspection $'000	Others $'000	Total $'000
Other segment information						
2017						
Additions to non-current assets	6,176	–	459	2,387	–	9,022
Depreciation and amortisation	2,019	44	1,048	1,922	–	5,033
Non-cash expenses (income) other than depreciation and amortisation	602	76	417	(575)	(4)	516
2016						
Additions to non-current assets	4,561	25	1,675	2,161	–	8,422
Depreciation and amortisation	1,676	76	952	1,811	–	4,515
Non-cash expenses (income) other than depreciation and amortisation	976	(66)	273	5	34	1,222

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2017

35 SEGMENT INFORMATION (cont'd)

Geographical information

The group operates in five (2016 : five) principal geographical areas - Singapore, Malaysia, Vietnam, Brunei and Indonesia (2016 : 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 an associate and deferred tax assets) by geographical location are detailed below:

	Revenue $'000	Non-current Assets $'000
2017		
Singapore	204,223	26,829
Malaysia	35,413	9,304
Vietnam	24,067	2,393
Brunei	5,566	–
Indonesia	5,411	1,196
Others	4,973	–
	279,653	39,722
2016		
Singapore	243,390	27,025
Malaysia	33,698	5,783
Vietnam	22,391	2,260
Brunei	7,149	–
Indonesia	7,924	894
Others	6,357	–
	320,909	35,962

ANALYSIS OF SHAREHOLDINGS

As at 20 September 2017

ISSUED AND FULLY PAID-UP CAPITAL (INCLUDING TREASURY SHARES)	:	$55,338,264
ISSUED AND FULLY PAID-UP CAPITAL (EXCLUDING TREASURY SHARES)	:	$56,288,461
NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	435,515,791
NUMBER/PERCENTAGE OF TREASURY SHARES	:	2,727,000 (0.63%)
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 20 SEPTEMBER 2017

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	56	1.56	1,588	0.00
100 - 1,000	262	7.28	189,074	0.04
1,001 - 10,000	1,395	38.77	9,136,561	2.10
10,001 - 1,000,000	1,845	51.28	108,894,285	25.00
1,000,001 and above	40	1.11	317,294,283	72.86
Total:	3,598	100.00	435,515,791	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 20 SEPTEMBER 2017

No.	Name of shareholders	No. of Shares	%
1	LIM BOON HOCK BERNARD	49,384,527	11.34
2	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	35,782,797	8.22
3	LIM BOON CHIN BENJAMIN (LIN WENJIN BENJAMIN)	30,843,072	7.08
4	GOH SOO LUAN	24,021,985	5.52
5	LIM CHAI LAI	16,392,909	3.76
6	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	14,919,642	3.43
7	LIM LIAN HIONG	14,199,132	3.26
8	LIM HIANG LAN	13,469,490	3.09
9	LIM PHEK CHOO CONSTANCE	11,767,142	2.70
10	LIM LIAN ENG	8,876,048	2.04
11	CHAN KUM LIN CAROLYN	8,586,733	1.97
12	DBS NOMINEES PTE LTD	7,379,888	1.69
13	GERALDINE CHENG HUA YONG	6,668,468	1.53
14	AU AH YIAN	6,237,560	1.43
15	CHIA AH HENG	6,161,607	1.41
16	YEN TSUNG HUA	5,122,140	1.18
17	CHEN SHYH YI	5,000,000	1.15
18	CITIBANK NOMINEES SINGAPORE PTE LTD	4,760,800	1.09
19	PHILLIP SECURITIES PTE LTD	3,918,378	0.90
20	GERALD CHENG KAI YONG (ZHONG KAIYANG)	3,506,816	0.81
		276,999,134	63.60

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 41% 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 20 September 2017

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 20 SEPTEMBER 2017 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 Chye Huat @ Bobby Lim Chye Huat (1)	35,782,797	24,021,985
Mdm. Goh Soo Luan (2)	24,021,985	35,782,797
Mr. Lim Boon Hock Bernard (3)	49,384,527	1,967,792
Mdm. Pang Yoke Chun (4)	1,967,792	49,384,527
Mr. Lim Boon Chin Benjamin	30,843,072	NIL
Mr. Lim Chai Lai @ Louis Lim Chai Lai (5)	16,392,909	8,586,733
Mdm. Chan Kum Lin (6)	8,586,733	16,392,909

Notes:-

(1) Mr. Lim Chye Huat @ Bobby Lim Chye Huat is deemed to have an interest in the 24,021,985 shares held by his wife, Mdm. Goh Soo Luan.

(2) Mdm. Goh Soo Luan is deemed to have an interest in the 35,782,797 shares held by her husband, Mr. Lim Chye Huat @ Bobby Lim Chye Huat.

(3) Mr. Lim Boon Hock Bernard is deemed to have an interest in the 1,967,792 shares held by his wife, Mdm. Pang Yoke Chun.

(4) Mdm. Pang Yoke Chun is deemed to have an interest in the 49,384,527 shares held by her husband, Mr. Lim Boon Hock Bernard.

(5) Mr. Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 8,586,733 shares held by his wife, Mdm. Chan Kum Lin.

(6) Mdm. Chan Kum Lin is deemed to have an interest in the 16,392,909 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 at Level 1, Stamford Suite, Raffles Country Club, 450 Jalan Ahmad Ibrahim, Singapore 639932 on Monday, 30 October 2017 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 2017 together with the Auditors' Report thereon.

2. To declare a final one-tier tax exempt dividend of $0.016 per ordinary share for the year ended 30 June 2017.

3. To approve the payment of up to $264,667 as Directors' fees for the year ending 30 June 2018. (2017 : $280,000)

4. To re-elect the following Directors retiring by rotation pursuant to the Constitution of the Company:-

   (a) Mr. Soon Boon Siong; and
   (b) Mr. Lee Fang Wen.

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

NOTICE OF ANNUAL GENERAL MEETING

TAI SIN ELECTRIC LIMITED (Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

(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."

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, 13 October 2017

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 "as-earned" current year basis, for the financial year ending 30 June 2018 ("FY 2018").

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 2018 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. Soon Boon Siong is considered by the Board of Directors as an independent director, and if re-elected under item 4(a) above, will remain as an Audit Committee Member.

(3) Mr. Lee Fang Wen is considered by the Board of Directors as an independent director, and if re-elected under item 4(b) above, will remain as an Audit Committee Member.

(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)

Notes:

(i) A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting, in his place. 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.

(ii) A proxy need not be a member of the Company.

(iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24 Gul Crescent, Singapore 629531 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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, 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.

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TAI SIN ELECTRIC LIMITED

(Incorporated in the Republic of Singapore - Company Registration No: 198000057W)

IMPORTANT
1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Tai Sin Electric Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy/proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 October 2017.

PROXY FORM

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Tai Sin Electric Limited hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of shareholdings represented

and / or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 30 October 2017 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated with an "X" hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Approval of Directors' Fees for year ending 30 June 2018		
4.	(a) Re-election of Mr. Soon Boon Siong as a Director		
	(b) Re-election of Mr. Lee Fang Wen 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 ______________ 2017.

Total Number of Shares Held

____

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

IMPORTANT:
PLEASE READ NOTES OVERLEAF

Notes:

1. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting, on his behalf. Where such a member appoints two proxies, he shall specify in the form of proxy, the proportion of his shares to be represented by each proxy and if no proportion is specified, the first named proxy shall be deemed to represent all of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

   (b) 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. Where a Relevant Intermediary appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified together with the information required in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. 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 of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 24 Gul Crescent, Singapore 629531 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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

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

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

CORPORATE DIRECTORY

CORPORATE HEADQUARTERS

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