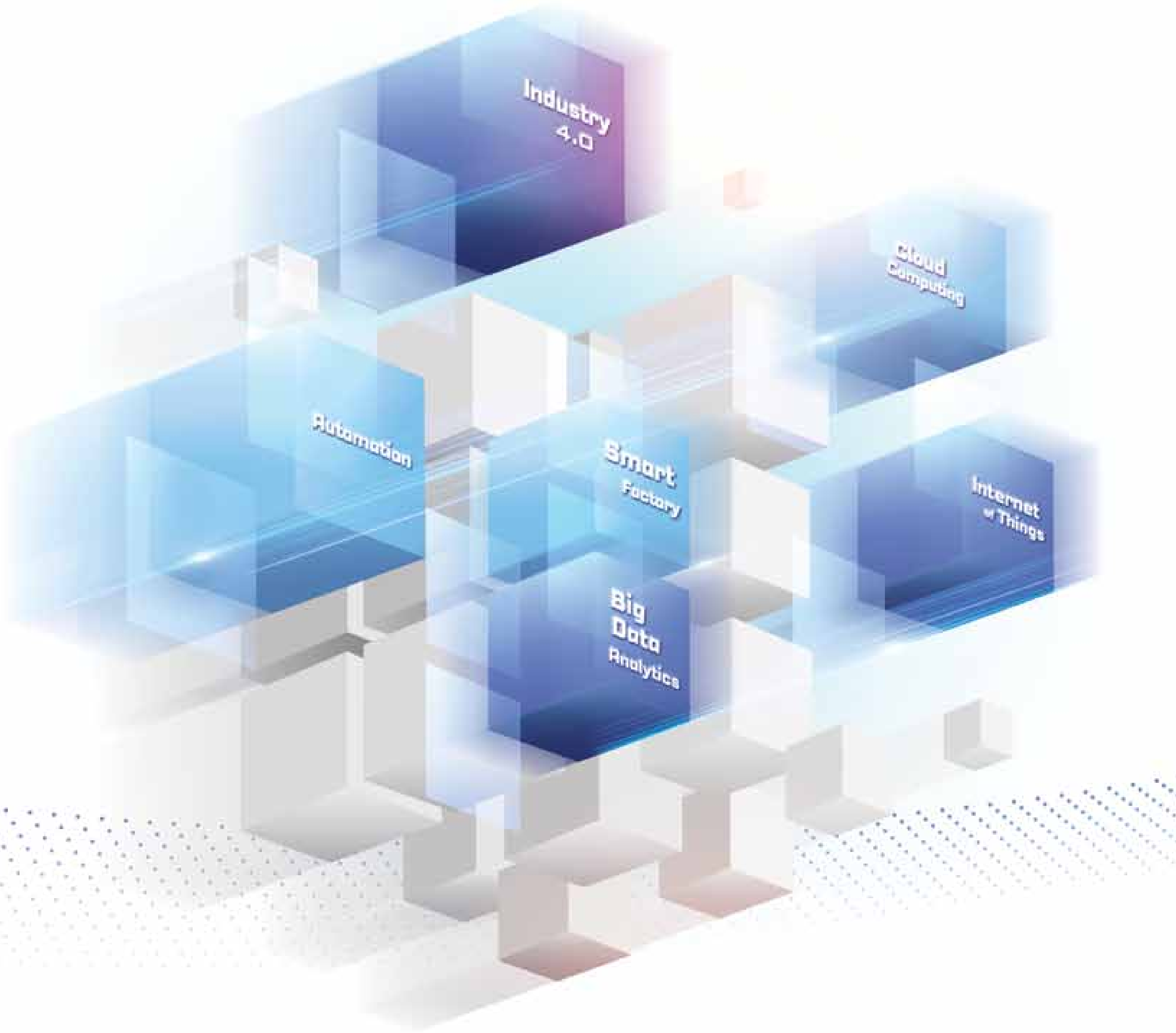
EMBARKING ON A TRANSFORMATIONAL JOURNEY



Tai Sin®

Tai Sin Electric Limited
Annual Report 2019

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Embarking on a Transformational Journey

Change is constant. To better position for opportunities and challenges of the future, we begin preparing today, the means of thriving tomorrow. Our transformation to becoming Industry 4.0 ready is well underway. Amidst a backdrop of intensifying competition, commodity price fluctuations and macroeconomic events, we steadily lay the foundations to transform across borders and divisions, marking new milestones in our transformational journey.

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 39 years of strategic expansion and diversification, Tai Sin has emerged as a leading and trusted Industrial Group in Southeast Asia. Listed on the Stock Exchange of Singapore, SESDAQ in 1998, Tai Sin was subsequently transferred to the SGX Main Board in 2005.

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

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

MISSION

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

VISION

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

CORE VALUES

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

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

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

TAI SIN SUSTAINABILITY LIVING PLAN

PRODUCTS THAT PROVIDE **SAFETY**

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

PRODUCTS THAT ARE **SAFE** TO USE

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

SERVICES THAT PROVIDE **SAFETY**

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

BUSINESS SEGMENTS

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

CABLE & WIRE (C&W)

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

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

ELECTRICAL MATERIAL DISTRIBUTION (EMD)

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

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

SWITCHBOARD (SB)

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

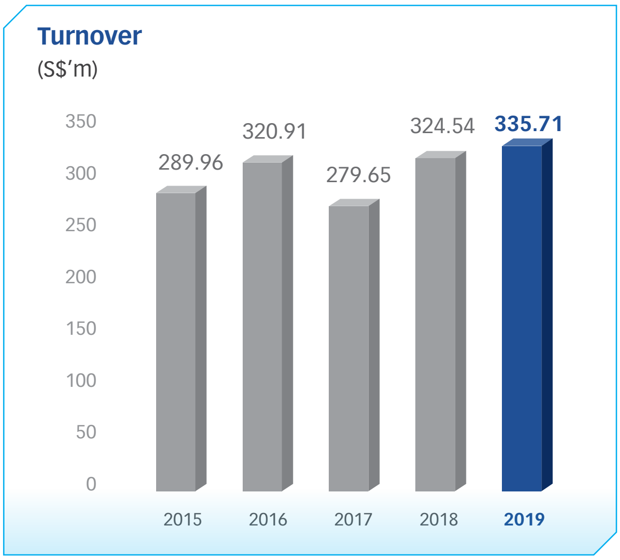
- PKS Sdn Bhd

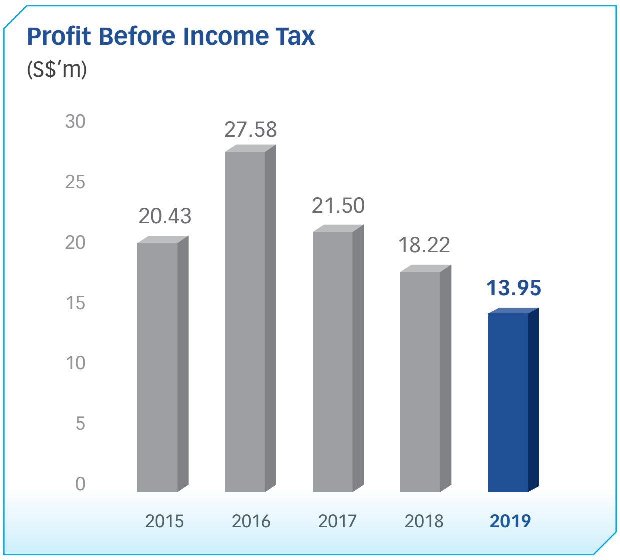
TEST & INSPECTION (T&I)

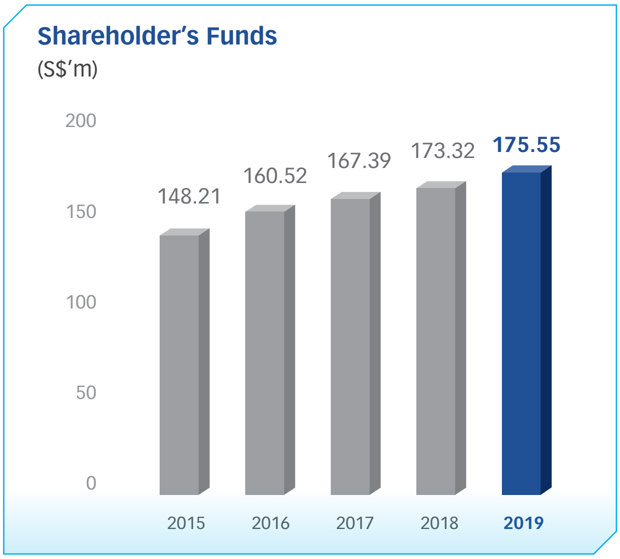
Provides more than 250 accredited testing services for materials ranging from concrete to soil and asphalt premixes. Service includes independent testing, inspection and certification that meets local and international standards.

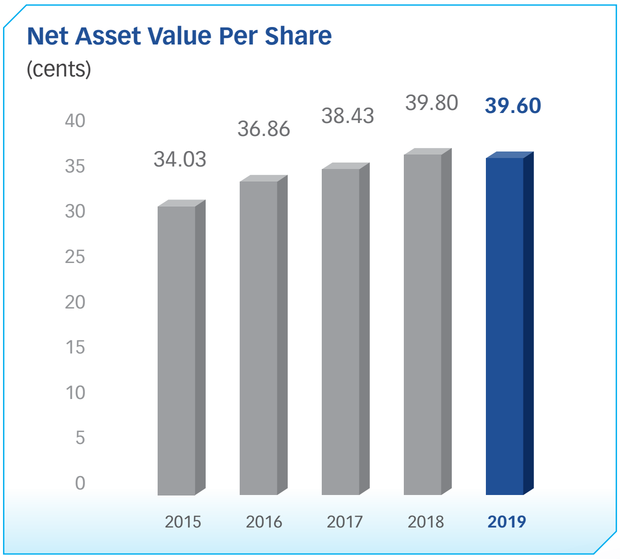
- CAST Laboratories Pte Ltd
- CASTconsult Sdn Bhd
- PT CAST Laboratories Indonesia

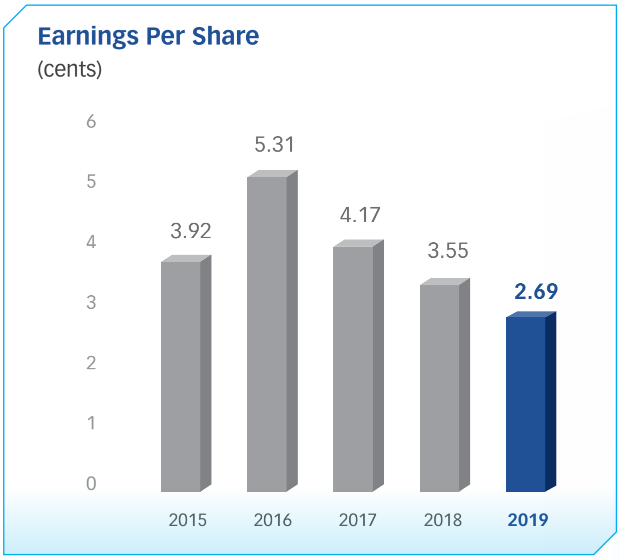
FINANCIAL HIGHLIGHTS











Looking ahead, Tai Sin will be methodical and agile to better tailor initiatives that can transform all facets of the business.

We pledge to fully undertake our transformational journey as it is vital to our goal of delivering sustainable value.

As we continue to evolve, we will uphold our standards on quality and safety for customer and employees alike as outlined in our Tai Sin Sustainability Living Plan. This multi-pronged approach builds our sustainability in performance and positioning as a leading and trusted Industrial Group in Southeast Asia.

CHAIRMAN'S STATEMENT

"As we pursued greater efficiency and sustainability, we did not lose sight of the need to deliver. Group revenue for FY2019 grew by 3.44% to $335.71 million on the back of mixed results across our business segments."

DEAR SHAREHOLDERS,

The financial year ended 30 June 2019 ("FY2019") has been particularly challenging with operational challenges arising from global trade disputes and commodity volatility.

As we pursued greater efficiency and sustainability, we did not lose sight of the need to deliver. Group revenue for FY2019 grew by 3.44% to $335.71 million on the back of mixed results across our business segments.

Revenue from the Cable & Wire ("C&W") Segment increased by 4.14% due to a higher number of infrastructure and industrial projects delivered.

The Test & Inspection Segment ("T&I") likewise saw growth, with sales going up by 18.50% or $4.77 million to a total of $30.57 million for the year under review. Its performance could be attributed to a recovery in the Oil & Gas Cluster which translated to more vessel repair and maintenance activities and a steady stream of infrastructure-related work in Singapore and Malaysia.

However, revenue contribution from the Electrical Material Distribution ("EMD") Segment declined, dropping by 2.50% to $80.89 million. Building & Infrastructure and Marine Clusters saw higher sales while the Electronic, General Manufacturing, Chemical and Oil & Gas Clusters declined due to softer demand.

The Switchboard ("SB") Segment also saw a decline in revenue and posted a turnover of $4.88 million for FY2019 which largely stemmed from maintenance and replacement projects.

Although revenue grew for FY2019, gross profit slumped with a 5.92% reduction to $50.52 million due to stiff competition in the Infrastructure Sector which applied pricing pressure. This was compounded by a surge in copper prices that narrowed margins of C&W Infrastructure projects that were secured 2 to 3 years earlier.

We saw an increase in other operating income which rose by $0.47 million to $2.56 million due to higher scrap sales during the year. In addition, a gain on foreign exchange in the

CHAIRMAN'S STATEMENT


Singapore

current year as compared to a loss recorded in FY2018 also contributed to the increase in other operating income. This was due to fluctuations in US Dollar during the year. With regard to the cost of operations, selling and distribution expenses increased marginally to $19.41 million by 1.01% for FY2019 mainly due to higher delivery costs from the C&W Segment offset by lower staff costs from the EMD Segment.

Administrative expenses were lower for FY2019 by 5.20% or $1.02 million to a total of $18.55 million mainly due to the higher donation made to an approved Institution of Public Character (IPC) in the last financial year.

The Group's other operating expenses were lower by $0.12 million in comparison to the $1.89 million recorded in FY2018 as there was an absence of a foreign exchange loss incurred during the last corresponding year offset against higher loss allowance for trade receivables during the year.

Our finance costs saw an increase of $0.45 million to $1.01 million due to higher utilisation of short-term bank borrowings for higher purchases, working capital needs and acquisition of property during the year.

Taking into account the above-mentioned results, the Group's profit attributable to shareholders declined by 23.98% to $11.75 million as compared to the $15.46 million in FY2018.

On a separate note, the Group reported an acquisition of property for the year under review. The cable and wire factory at 24 Gul Crescent had begun to face space constraints and to resolve the issue and allow for greater productivity and production capacity, we purchased the adjacent property at 9 Gul Lane. The purchase will add a single-storey JTC detached factory with a gross floor area of approximately 3,700 square meters for our use.

IN APPRECIATION

On behalf of the Board of Directors, I would like to thank our customers and business partners for another year of support. We look forward to strengthening our collaborative efforts. Much appreciation is also reserved for our staff at all levels for their dedication and enthusiasm in joining us on our journey. Lastly, we would like to once again thank you, the shareholder for the ongoing faith in us.

To further express our appreciation, the Board has declared a final dividend of 1.5 cent per ordinary share subject to approval at the annual general meeting.

While the coming financial year is expected to yield both opportunities and challenges, we anticipate making steady progress in our pursuit of building sustainable value for our stakeholders.

Bobby Lim Chye Huat
Chairman

REPORT BY THE CHIEF EXECUTIVE OFFICER

For the financial year ended 30 June 2019 ("FY2019") the Group made significant changes in the way we work. Efficiency was improved across the board as we geared up in preparation for Industry 4.0. While returns from each segment moderated due to the slowdown in the operating environment, we are now better positioned to build long-term and sustainable value.

CABLE & WIRE ("C&W") SEGMENT

The Cable & Wire ("C&W") Segment performance improved with higher revenue from infrastructure and industrial projects delivered. The C&W Segment's top line grew by 4.14% to $219.37 million for the year under review.

Tonnage delivered was higher in FY2019 but with narrower margins. In Malaysia, the changes in government policies resulted in major business activities and projects to be shelved. In Singapore, margins were compressed as infrastructure projects secured 2 to 3 years ago had to be delivered in FY2019 when copper prices had spiked up substantially. Despite hedging efforts, the volatility of copper prices put a dent in our returns. Fortunately, the effects of the above were alleviated by better performance in Vietnam due to its recovering economy.

Generally, the past few years have seen infrastructural projects take the limelight as industrial and commercial projects became scarcer due to fewer investments. For the upcoming financial year, we anticipate that the trend will continue with more government-linked infrastructure work for the C&W Segment.

ELECTRICAL MATERIAL DISTRIBUTION ("EMD") SEGMENT

The Electrical Material Distribution ("EMD") Segment also faced a challenging environment and saw revenue dropping by 2.50% to $80.89 million for FY2019 despite stronger sales to the Marine and Building & Infrastructure Clusters for government-linked projects and data centres. Activities from Chemical and Oil & Gas, Electronics and General Manufacturing Clusters faced weak demand due to regional uncertainty.

REPORT BY THE CHIEF EXECUTIVE OFFICER

Moving forward, we are optimistic as the economic slowdown may translate into opportunities with more companies adopting inward-looking strategies to replace or upgrade their assets, especially in preparation for Industry 4.0. Our wide range of products such as sensors, controllers and automation parts allow us to capitalise on the emerging needs of companies to transform.

On the subject of product range, our webstore electgo.com has expanded to 10 brands from the 2 offered in FY2018 and now offers over 26,000 products. Site analytics reveal growing traffic with the majority of visitors being a younger demographic. We understand that they may be looking to make convenient small-scale purchases that allow bypassing of extensive procurement processes, thus making the site uniquely suited to their needs.

TEST & INSPECTION ("T&I") SEGMENT

The Test & Inspection ("T&I") Segment improved by 18.50% to $30.57 million from $25.79 million recorded in FY2018. Drivers for growth include higher sales to the Oil & Gas Cluster specifically refinery-related work, and our Laboratory Testing business in Singapore and overseas.

The bulk of the gains were from the Infrastructure Sector and largely comprised of projects related to MRTs and roadworks.

Laboratory Testing ("Lab") Services

Our Lab business also expanded its services to include testing of fibre-reinforced concrete, a replacement for the traditional steel rebar-reinforced variant. The service is undertaken in Johor and allows us to capitalise on growing demand in line with the surge of infrastructure work in Singapore.

Other developments in Johor include our drive to acquire local accreditation such as the national laboratory accreditation scheme, known as Skim Akreditasi Makmal Malaysia (SAMM), to put us on even footing to compete for projects in Malaysia.

The above developments dovetail with our plan to strengthen our foothold in the southern region of Malaysia as we foresee that other states such as Melaka and Negeri Sembilan are equally promising. Our Melaka laboratory has been in operation for more than a year and mainly caters to oil & gas projects there.

Beyond Malaysia's borders, our efforts to expand in Myanmar and Cambodia have begun to bear fruit. In Myanmar, there is a steady demand for high standards of testing work while in Cambodia, there is growing appreciation and thus demand for quality testing. We will endeavour to promote our services and strengthen our presence.

Non-Destructive Testing ("NDT") and Heat Treatment ("HT")

Revenue from our Non-Destructive Testing ("NDT") and Heat Treatment ("HT") business largely came from the Industrial sector, specifically from Batam, Indonesia. We had also secured refinery-related work in Port Dickson and Pengerang, Malaysia.

Soil Investigation ("SI")

Revenue from this business improved as compared to prior year. Contracts were mostly awarded by Singapore's Land Transport Authority ("LTA") for MRT and road-related works.

SWITCHBOARD ("SB") SEGMENT

For the Switchboard ("SB") Segment, revenue declined by $0.27 million to $4.88 million. Future projects will comprise mainly maintenance and replacement work from the Infrastructure Sector.

OUR TRANSFORMATIONAL JOURNEY: LAYING THE FOUNDATIONS FOR INDUSTRY 4.0 READINESS

In the previous annual report, the Chairman spoke of our commitment to embrace Industry 4.0, the next revolution that uses data and artificial intelligence to drive automation and ramp up productivity and efficiency. At Tai Sin, we believe that change is constant, but we will thrive with innovation and flexibility. In FY2018, we began in earnest to prepare the Group for Industry 4.0, after working closely with consultants and thanks to the support from government agencies, we have commenced transformation for our Singapore factories. In FY2019, we took further

REPORT BY THE CHIEF EXECUTIVE OFFICER

strides ahead as our Operations, Information Technology ("IT") and Human Resources ("HR") departments worked closely together to undertake our transformation.

From the onset, we identified the need for a three-pronged approach which focuses on business, technology, and organisational transformation. Our business process would be digitised to generate data that becomes a catalyst to determine change. Technology solutions would then be applied to deliver the greatest improvements and finally, the organisation is fine-tuned by up-skilling staff to embrace and employ newfound tools.

A key aspect of our transformation strategy was to leverage on our historical knowledge, data and understanding of the business to methodically integrate the improvements with our existing assets as opposed to outright replacement.

OUTLOOK AND FUTURE PROSPECTS

The financial period was one marked by growing uncertainty and turmoil as the effect of the US-China trade war continue to make its presence felt across borders and industries. Moving forward, these challenges look to persist and may even be magnified.

On the domestic front, Singapore is feeling the effects of disrupted global trade with the Ministry of Trade and Industry ("MTI") downgrading its GDP growth projections for 2019 to between 0.0% and 1.0%. The MTI said the country faced a challenging external macroeconomic backdrop in conjunction with a deepening downturn of the global electronics cycle.

While the current slowdown has yet to fully impact us as most of our current contracts were inked much earlier, the effects will begin to manifest going forward. Furthermore, the property cooling measures by the Singapore Government are expected to continue to weigh on the Residential Sector. In anticipation of the Residential Sector slowdown, we will put more focus on the Industrial Sector as businesses may relocate from China to countries where we have a presence. We will also continue to focus on developing our business in the Infrastructure Sector for all our business segments.

REPORT BY THE CHIEF EXECUTIVE OFFICER

Singapore's Building and Construction Authority ("BCA") projected that total construction demand in 2019 to range between $27 billion and $32 billion, up from $30.5 billion awarded in 2018. Looking beyond, the BCA anticipates demand to reach between $27 billion and $34 billion for 2020 and 2021. The BCA said that public sector construction demand over the medium term would be supported by big infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.

We will leverage on our established position as a leading and trusted Industrial Group in Southeast Asia to capitalise on these opportunities while remaining vigilant of persistent challenges such as competition, commodity volatility and macroeconomic developments.

Lim Boon Hock Bernard
Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

TRANSFORMING WITH HEART

As we transform Tai Sin into a future-ready entity, we continue giving back to society by taking part in various community-oriented initiatives and programmes. These activities allow us to contribute to the betterment of society while providing our staff with an avenue to strengthen unity and exercise compassion.

At Tai Sin, we recognise the importance of building a culture that reaches out to the community, especially the less fortunate. We see ourselves as part of a greater whole that does its part to build a stronger and sustainable future. As such, our pursuit of excellence is done alongside the need to be humane. For the year under review, our Corporate Social Responsibility ("CSR") efforts include existing and new programmes detailed below.

BUILDING A MORE ACCEPTING SOCIETY ONE STEP AT A TIME

This year marks our fourth year of supporting the Yellow Ribbon Project. A total of 120 staff participated in the Yellow Ribbon Prison Run 2019 on 15 September 2019. We continued to support the drive to rehabilitate ex-offenders and provide aid for their families with the participation of our staff in the awareness-raising run.

ENERGISING "BREAKFAST WITH LOVE" @ RADIN MAS

On the first Sunday of every alternate month, our staff spend time with seniors of the Radin Mas Community Club. From 9 am to 11 am, they serve the seniors breakfast as well as interact with them via games and activities such as singing, exercise, bingo and lucky draws. The beneficiaries also got to bring home goody bags after every session. The programme ran from March 2017 and ended on December 2018 and left us with a greater appreciation of the sacrifices the elders have made and the wisdom they shared.

GENUINE LOVE IN "WE CARE @ NORTHWEST"

This year, we continue to participate in We Care @ Northwest on 19 January 2019. For this event, we helped sponsor and distribute Lunar New Year goody bags to the low-income families residing in the Northwest CDC in Sembawang. The goody bags contained food products such as brown rice, cereals, nuts, oats, instant noodles and a variety of biscuits. In addition, we also sponsored basic daily necessities such as mattresses, cooker hob, electric fan, wardrobes and light bulbs for selected households.

In total we had 47 volunteers from the Tai Sin group of companies that are based in Singapore. They worked alongside volunteers from Admiralty Secondary School under the coordination of the Northwest CDC. Also gracing the event was Co-ordinating Minister for Infrastructure and Minister for Transport, Mr Khaw Boon Wan.

SHOWCASING OUR POTENTIAL THROUGH PARTICIPATING IN FUND-RAISING PROJECTS

While our CSR activities are often humbling, there is sometimes room for "horsing" around. We leapt upon the opportunity to support the Unicorn Walk-A-Wheelathon 2019, organised by the Riding for the Disabled Association ("RDA"). The RDA provides horse-riding as a therapy for children and adults with physical and mental disabilities. In line with their unique positioning, the event invited participants of all ages to participate dressed in unicorn outfits while walking along the MacRitchie Reservoir.

With every activity undertaken, we are made thankful for what we have and how we have an opportunity to make a difference. We will continue to place emphasis on CSR efforts in tandem with our growth as a company as we help build a better tomorrow for all.

YELLOW RIBBON PRISON RUN

BREAKFAST WITH LOVE @ RADIN MAS

WE CARE @ NORTHWEST

BOARD OF DIRECTORS

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT

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

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

Length of Service as Director
- 22 years

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

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

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

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

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

LIM BOON HOCK BERNARD

Chief Executive Officer / Executive Director

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

Length of Service as Director
- 22 years

Board Committee Served On
- Nil

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

Present Directorships in Listed Companies
- Nil

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

Others
- Member of School Advisory Committee of Temasek Primary School

BOARD OF DIRECTORS

SOON BOON SIONG

Non-Executive and Lead Independent Director

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

Length of Service as Director
- 7 years

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

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

Present Directorships in Listed Companies
- Nil

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

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

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

Present Directorships in Listed Companies
- Nil

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

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

BOARD OF DIRECTORS

RENNY YEO AH KIANG

PBM BBM
Non-Executive and Independent Director

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

Length of Service as Director
- 1 year

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

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

Present Directorships in Listed Companies
- Independent Chairman, Sin Heng Heavy Machinery Limited
- Non-Executive and Lead Independent Director, OEL Holdings Ltd

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

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

MANAGEMENT TEAM

CORPORATE

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

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

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

CABLE & WIRE (C&W) SEGMENT

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

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

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
Deputy General Director;
Lim Kim Hai Electric (VN) Co Ltd
Join Since: 2003

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

SWITCHBOARD (SB) SEGMENT

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

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

ELECTRICAL MATERIAL DISTRIBUTION (EMD) SEGMENT

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

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

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

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

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

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

TEST & INSPECTION (T&I) SEGMENT

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

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

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

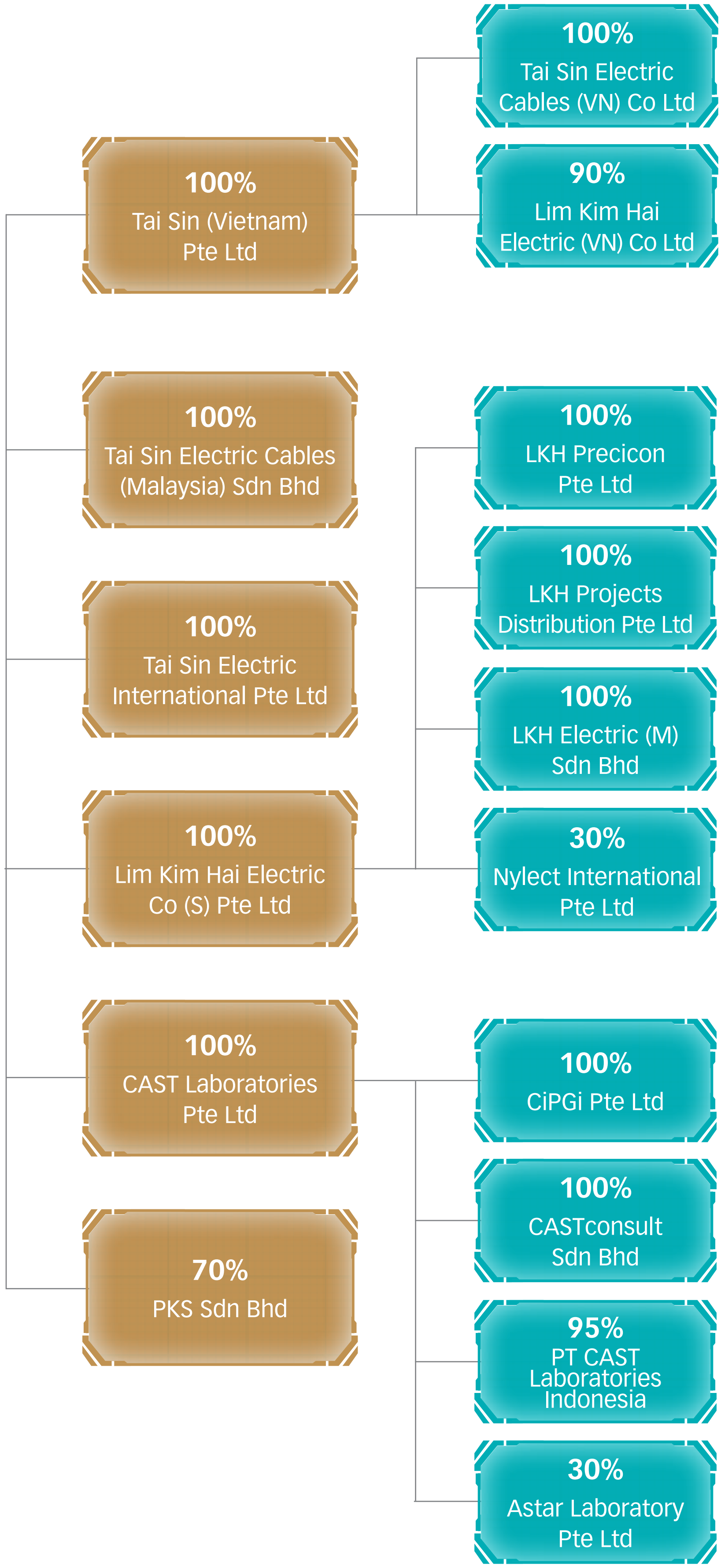
TAN BEE YONG
General Manager – Finance & Administration;
CAST Laboratories Pte Ltd
Join Since: 2010

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

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

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

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Soon Boon Siong
Non-Executive and Lead Independent Director

Lee Fang Wen
Non-Executive and Independent Director

Renny Yeo Ah Kiang
Non-Executive and Independent Director

AUDIT AND RISK COMMITTEE

Soon Boon Siong
Chairman

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

NOMINATING COMMITTEE

Renny Yeo Ah Kiang
Chairman

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

REMUNERATION COMMITTEE

Lee Fang Wen
Chairman

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

SECRETARY

Tan Shou Chieh

COMPANY REGISTRATION NUMBER

198000057W

REGISTERED OFFICE

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

SHARE REGISTRARS & SHARE TRANSFER OFFICE

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

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-In-Charge:
Rankin Brandt Yeo
Appointed for the year ended 30 June 2019

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

SUSTAINABILITY REPORT FY19

CONTENTS

ABOUT THIS REPORT

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

The sustainability report features Tai Sin Electric Limited Group of companies' ("Tai Sin" or "The Group") continued dedication to enhance and strengthen our sustainability performance and strategy. It covers our activities for the Financial Year 2019 from July 2018 to June 2019 for our operations in Singapore, where Tai Sin is headquartered.

The report has been prepared with reference to Global Reporting Initiative ("GRI") Standards. The GRI Content Index on page 36 to 38 indicates the full list of GRI references and disclosures used in this report.

The GRI standards were chosen as they are the first global standards for sustainability reporting.

This report is also formed with reference to the primary components set out in Singapore Exchange Limited listing Rule 711B on a 'Comply or Explain' basis.

We welcome your feedback on our sustainability report and any aspect of our performance. Please address all feedback to:
ir@taisin.com.sg

SUSTAINABILITY BOARD STATEMENT

GRI 102-14

Tai Sin is proud to publish its second annual Sustainability Report. The report captures and highlights our sustainability efforts across different business functions for the financial year 2019.

Environment

We are committed to conducting our business in a responsible manner and make conscious efforts to minimise the damage to the environment through our business operations.

Our dedication to environmental sustainability is reflected in the sustainability initiatives we have adopted at our Tai Sin Electric production facility based in Singapore. We have implemented the latest technology of Industry 4.0 and IoT towards smart manufacturing and have upgraded our existing facilities for improved efficiency.

In order to reduce our energy consumption and waste production, we are adopting ISO 14001 and had set up Environment Management System for all the manufacturing facilities of Tai Sin Electric across the region. This would also help us reduce our internal operating cost by enhancing our operational efficiency and give us an edge over our peers.

People

Our employees are the key factor behind the success of our business and therefore we provide a working environment which allows them to perform to the best of their abilities. We are committed to ensuring a safe and healthy work space and comply with bizSAFE standards set up by the Workplace Safety and Health Council Singapore in all our local operations.

We understand that it is essential for our employees to stay updated with the latest development in the industry. Therefore, we have made it our priority to invest in the training and development of all our employees including the management staff. We have also increased the average training hours per employee to 18 hours to meet our target this year. At Tai Sin, we have created an environment which encourages constant learning to assist in both professional and personal development of our employees.

Governance

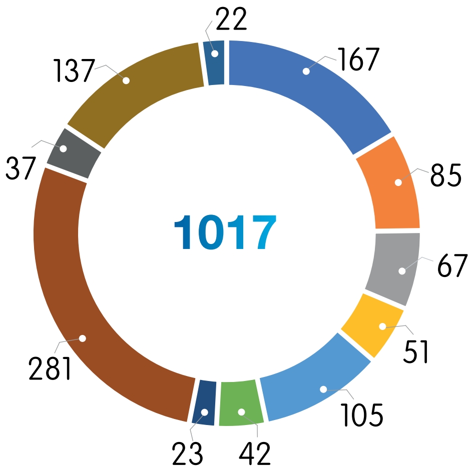
Maintaining highest standards of corporate governance is of utmost importance to us. We have set up various committees dedicated to ensure and maintain transparency, accountability, and integrity across all our operations. Our goal is to constantly improve and enhance our corporate governance practice while integrating sustainability into our business strategy.

We thank our valued stakeholders for their continued support and look forward to sharing the latest chapter in our sustainability journey with you.

ABOUT TAI SIN

GRI 102-7 | 102-8

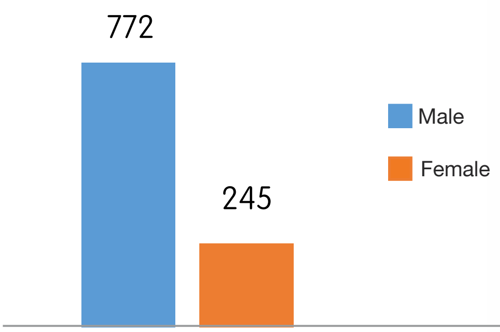
Total Employees by Company



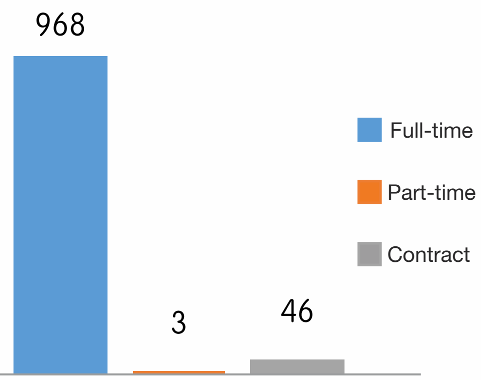
- Tai Sin Electric Limited - 167
- Tai Sin Electric Cables (Malaysia) - 85
- Tai Sin Electric Cables (VN) Co Ltd - 67
- Lim Kim Hai Electric (VN) Co Ltd - 51
- Lim Kim Hai Electric Co (S) Pte Ltd - 105
- LKH Precicon Pte Ltd - 42
- LKH Projects Distribution Pte Ltd - 23
- CAST Laboratories Pte Ltd - 281
- CAST Laboratories Pte Ltd (Branches) *- 37
- CASTconsult Sdn Bhd - 137
- PT CAST Laboratories Indonesia - 22

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

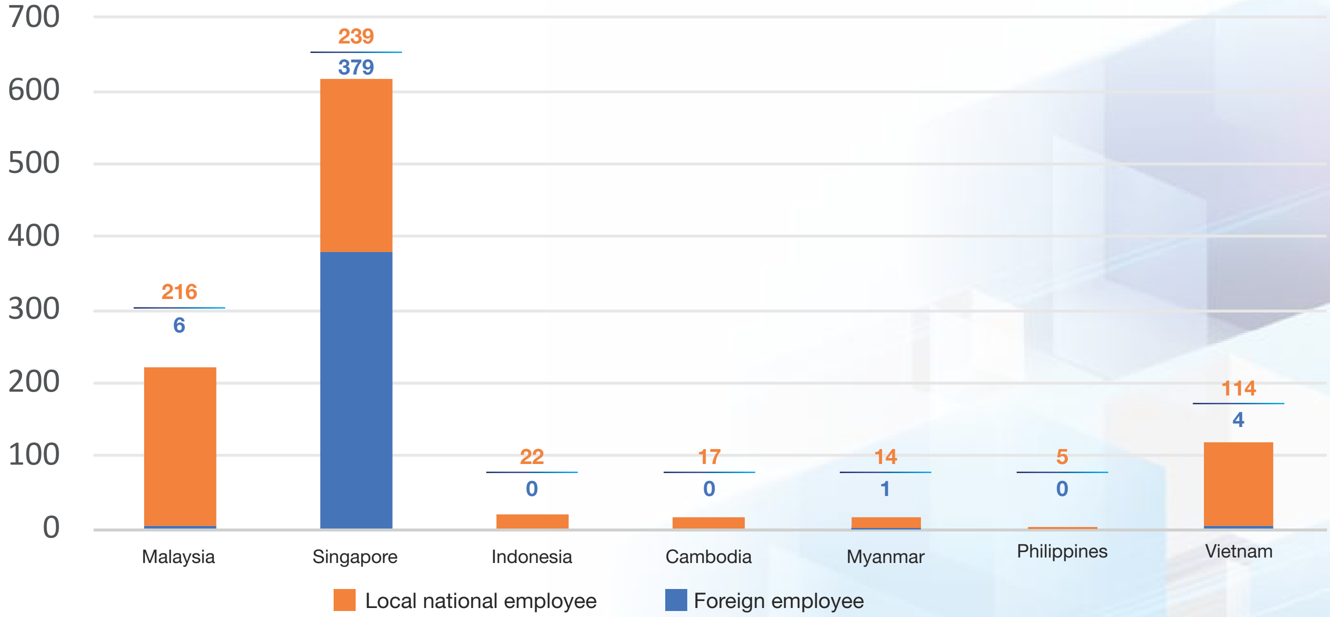
Total Employees by Gender



Total Employees by Employment Type



Total Employees by Region



Note: The above charts represent employee data from local and overseas operations of the group for FY19. Please see the Appendix on page 34-35 for more detailed data on employees.

SUPPLY CHAIN

GRI 102-9

Cable & Wire Segment

This segment focuses on the production and distribution of high-quality low voltage cable to serves Infrastructure, Commercial, Residential and Industrial Sectors.

1. Acquire raw materials such as copper, PVC etc
2. Raw materials will be processed through the manufacturing plants
3. Finished products sold to contractors, dealers and wholesalers

Electrical Material Distribution Segment

This segment focuses on supplying products and solutions for the maintenance, repair, operations and application needs for a wide range of industries which includes OEM, manufacturing, infrastructure, etc.

1. Buy products from manufacturer and stock in warehouse
2. Promote products through different channels, e.g. online, personal selling or roadshows
3. Sell to customers e.g. end users, Original Equipment Manufacturer (“OEM”), contractors & system integrators

Test & Inspection Segment

This segment provides independent testing, inspection and certification services that meet local and international standards.

1. On-site and In-house lab testing
2. Generate test reports
3. Serve contractors, engineers and consultants

SUSTAINABILITY AT TAI SIN

GRI 102-12 | 102-13 | 102-18

GOVERNANCE STRUCTURE

Our senior management is responsible for driving the proper governance of our environmental and social performance at each level of the organisation. They have an added responsibility of communicating the sustainability performance and progress to the Board of Directors. This is to align the business objectives with our sustainability targets and agenda.

MEMBERSHIPS AND EXTERNAL CHARTERS

We are proud to be members of the following organisations:

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

The initiatives followed by our entities in Singapore are as follows:

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

STAKEHOLDER ENGAGEMENT

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

Tai Sin recognises that our stakeholders play a key role in ensuring the development and success of our sustainability journey. We maintain close contact with them to guarantee that our business is aligned as closely as possible with the objectives of our stakeholders. We selected our key stakeholder groups based on importance, representation, responsibility, dependency, and proximity.

To identify the key material issues, we conducted a stakeholder engagement workshop based on a process of identification, prioritisation, and validation in the financial year ended for June 2018. This was supplemented by a peer benchmarking exercise.

We firmly believe that stakeholder engagement is crucial to ensure long-term value creation. We aim to continuously build trust and strengthen our relationship with stakeholders through improved communication channels.

Stakeholder	Concerns Raised	Mode of Engagement	Frequency of Engagement
Investors	• Economic Performance • Environmental Compliance • Socioeconomic Compliance	• AGM • Quarterly Financial Results Announcement • Annual Reports • Company website	• Annually / Periodically (depending on the mode of engagement)
Suppliers	• Economic Performance • Procurement Practice • Materials	• Meetings to review on sales program and performance	• Monthly
Customers	• Energy • Customer Health and Safety • Marketing and Labelling	• Email updates and regular formal / informal communication through phone or face-to-face meeting to discuss projects and introduction of new product / service	• Periodically
Regulators	• Environmental Compliance • Employment • Occupational Health and Safety	• Minimum engagement	• Periodically
Management	• Economic Performance • Employment • Labour / management relations	• Through formal / informal meetings / email / conference call (overseas)	• Periodically
Employees	• Market Presence • Employment • Occupational Health and Safety	• Regular dialogue sessions with management • Recreation activities • CSR program	• Periodically

MATERIALITY ASSESSMENT

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

We developed the content and aspect boundaries of the report in alignment with the GRI Reporting Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness.

Through stakeholder engagement, we conducted a materiality assessment for our inaugural report published in FY18. It was carried out in accordance with the GRI Standards. The final outcome of the workshop helped us identify material issues that are significant to our stakeholders, as well as the social, economic and environmental impact of our business operations.

Material Aspects and Indicators Identified

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

ENVIRONMENT

Environmental Compliance
GRI 103-1| 103-2 | 103-3 | 307-1

WHY IS THIS A MATERIAL ISSUE?

At Tai Sin, we understand that sustainable operations will allow us to increase efficiencies and create value for our stakeholders. We aim to accomplish long-term business growth while fulfilling our responsibility of inflicting minimal damage to the environment through our operations.

OUR APPROACH

We are committed to ensuring compliance with all applicable local and international environmental regulations. We consistently monitor our environmental performance and look for ways to enhance our management approach.

We have implemented the following measures:

- Daily Environmental safety and good practices briefing
- Immediate disposal of slurry water
- Regular housekeeping at the worksite
- Mosquito oil spraying
- Regular onsite inspection

FY19 PERFORMANCE

There were no significant fines* and non-monetary sanctions for non-compliance with environmental laws and / or regulations identified.

FY20 TARGETS

We aim to have zero cases of non-compliance with environmental law and regulations for the next financial year as well.

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

SOCIAL

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

WHY IS THIS A MATERIAL ISSUE?

We believe that people are our most valuable asset and employee engagement is a critical aspect of managing human resources. Nurturing their diverse skills and talents within the organisation will play an essential role in determining our success. We are dedicated to maintaining diversity by fair hiring of new employees and promoting existing employees regardless of race, religion, nationality or gender.

OUR APPROACH

Tai Sin demonstrates our dedication by following the recommendation of the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP). This includes the following considerations:

- Fair hiring practices
- Appraisal, promotion, posting, and training
- Age management
- Work-life balance

We also adhere closely to the employment act set up by the Ministry of Manpower, Singapore. The HR department ensures our HR policies and guidelines are closely aligned and updated according to the employment act.

FY19 PERFORMANCE

New hires by age group^

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
< 30	7	6	0	5	18
30-50	4	1	2	15	43
> 50	0	0	0	1	8

Employee turnover by age group*

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
< 30	2	1	0	4	13
30-50	7	2	2	11	30
> 50	1	0	0	3	10

New hires by gender^

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
Female	8	3	1	4	10
Male	3	4	1	17	59

Employee turnover by gender*

Age Group	LKHE	LKHP	LKHPD	TSE	CLPL
Female	7	3	0	2	12
Male	3	0	2	16	41

FY20 TARGETS

We aim to further improve our new employee hire and turnover rate to attract the best candidates and ensure employee retention.

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

Note: The above numbers represent our operations in Singapore. Please see the Appendix on page 34-35 for more detailed data.
^ Inclusive of hires of contract employees
** Inclusive of non-renewal of contract employees*

SOCIAL

Occupational Health and Safety
GRI 103-1 |103-2 | 103-3 | 403-2

WHY IS THIS A MATERIAL ISSUE?

Tai Sin believes our employees are the foundation of our business and we are responsible for providing them a safe and conducive working environment. We aim to minimise any occupational and health hazards by ensuring that all employees perform their work in a safe manner. The physical and mental well-being allows our employees to perform to the best of their abilities and deliver exceptional results.

OUR APPROACH

Taking the nature of work at our entity Tai Sin Electric into consideration, a workplace safety officer has been engaged to audit the occupational health and safety across all our operations. The officer also provides recommendations on new initiatives and methodologies to prevent workplace hazards. A quarterly review of the safety report is conducted during the operational meeting to stay up to date with the latest regulations and best practices.

Additionally, all our Singapore business entities comply with the bizSAFE standard set up by the Workplace Safety and Health Council Singapore.

FY19 PERFORMANCE

Absentee Rate

Percentage	LKHE	LKHP	LKHPD	TSE	CLPL
Absentee Rate FY19	1.68	0.21	0.09	2.89	0.15
Absentee Rate FY18	0.87	0.97	0.40	0.91	0.75

FY20 TARGETS

We aim to reduce our absentee rate percentage and keep it to below 5% for all the above operations.

Note: Please see the Appendix on page 34-35 for more detailed data. Absentee Rate was derived based on total hours of absence (including hospitalisation / MC) as a percentage of the total number of man-hours worked.

SOCIAL

Training and Education
GRI 103-1 |103-2 | 103-3 | 404-1

WHY IS THIS A MATERIAL ISSUE?

In order for our employees to offer the best service quality to our customers, we make it a point to ensure that our employees are keeping up with the rapidly evolving technology and industrial demands. Tai Sin places a strong emphasis on training and educating our employees. We trust that every employee has unexplored potential and undiscovered capabilities which can be unleashed with the right resources and opportunity.

OUR APPROACH

At Tai Sin, we encourage our employees to take part in constant competency and skill upgrading programmes. We organise regular talent development programmes including courses, skill up-gradation, and various training to hone their area of expertise.

We hope to foster a culture of learning that encourages our employees to apply innovative thinking to enhance the quality of service given to our customers as well as lead to their professional and personal development.

FY19 PERFORMANCE

AVERAGE TRAINING HOURS PER EMPLOYEE 18.0

We are proud to state our average training hours have increased from 17.2 in FY18 to 18.0 in FY19, which is in line with our set target.

FY20 TARGETS

We hope to maintain the average training hours per employee to 18 hours by introducing more training programmes and initiatives.

Note: Please see the Appendix on page 34-35 for more detailed data.

APPENDIX

EMPLOYEE INFORMATION – (GRI 102-8)					
People	LKHE	LKHP	LKHPD	TSE	CLPL
Total employees by gender- YTD					
Male	53	20	11	132	238
Female	52	22	12	35	43
Total employees	105	42	23	167	281
Total employees by age group – YTD					
<30 years old	18	13	1	18	46
30-50 years old	38	19	17	97	187
>50 years old	49	10	5	52	48
Total employees by type and gender - YTD					
Full-time (Male)	39	20	11	123	233
Full-time (Female)	45	22	12	27	39
Part-time (Male)	0	0	0	0	0
Part-time (Female)	0	0	0	0	1
Permanent Contract (Male)	14	0	0	9	5
Permanent Contract (Female)	7	0	0	7	3
Temporary Contract (Male)	0	0	0	0	0
Temporary Contract (Female)	0	0	0	1	0
Total employees by type and nationality - YTD					
Full-time (SG)	68	28	19	39	42
Full-time (Others)	16	14	4	111	230
Part-time (SG)	0	0	0	0	1
Part-time (Others)	0	0	0	0	0
Permanent Contract (SG)	21	0	0	13	7
Permanent Contract (Others)	0	0	0	3	1
Temporary Contract (SG)	0	0	0	1	0

EMPLOYMENT – (GRI 401-1)					
	LKHE	LKHP	LKHPD	TSE	CLPL
New employee hires by age group – Singaporean					
<30 years old	0	3	0	1	0
30-50 years old	4	0	2	0	2
>50 years old	0	0	0	1	4
New employee hires by age group – Other nationality					
<30 years old	7	3	0	4	18
30-50 years old	0	1	0	15	41
>50 years old	0	0	0	0	4
New employee by gender – Singaporean					
Female	3	0	1	2	3
Male	1	3	1	0	3

APPENDIX

EMPLOYMENT – (GRI 401-1)					
	LKHE	LKHP	LKHPD	TSE	CLPL
New employee by gender – Other nationality					
Female	5	3	0	2	7
Male	2	1	0	17	56
Employee turnover by age group – Singaporean					
<30 years old	2	0	0	0	1
30-50 years old	6	0	2	0	4
>50 years old	1	0	0	2	8
Employee turnover by group – Other nationality					
<30 years old	0	1	0	4	12
30-50 years old	1	2	0	11	26
>50 years old	0	0	0	1	2
Employee turnover by gender – Singaporean					
Female	6	0	0	2	7
Male	3	0	2	0	6
Employee turnover by gender - Other nationality					
Female	1	3	0	0	5
Male	0	0	0	16	35
Employee summary – New hire and turnover					
New employee hire rate (Total)	**10.48%**	**16.67%**	**8.70%**	**12.57%**	**24.56%**
Employee turnover rate (Total)	**9.52%**	**7.14%**	**8.70%**	**10.78%**	**18.86%**

OCCUPATIONAL HEALTH AND SAFETY – (GRI 403-2)					
	LKHE	LKHP	LKHPD	TSE	CLPL
Workplace Injury Rate per 100,000 employees					
Total	0	0	0	2395.21	0
Occupational Disease Rate per 100,000 employees					
Total	0	0	0	0	0
Accident Severity Rate per 1,000,000 working hours					
Total	0	0	0	719.15	0
Absentee Rate (Percentage)					
Total	1.68	0.21	0.09	2.89	0.15
Work-related fatalities per 100,000 employees					
Total	0	0	0	0	0

TRAINING AND EDUCATION – (GRI 404-1)					
	LKHE	LKHP	LKHPD	TSE	CLPL
Average training hours by gender					
Female	27.69	28.64	35.79	31.57	16.40
Male	15.57	17.60	30.77	21.04	10.53
Per employee	21.57	23.38	33.39	23.24	11.43
Average training hours by employee category					
Executive	18.54	20.45	26.85	20.06	7.31
Middle Management	31.50	34.71	48.71	32.17	39.27
Senior Management	43.40	32.00	26.00	33.69	63.88

GRI CONTENT INDEX

GENERAL DISCLOSURES			
GRI Standard	**Disclosure**		**Chapter, Page Reference, Performance and/or Explanation for Omissions**
GRI 102: General Disclosures 2016	**ORGANISATIONAL PROFILE**		
	102-1	Name of the organisation	23
	102-2	Activities, brands, products and services	4
	102-3	Location of headquarters	Corporate Directory
	102-4	Location of operations	Corporate Directory
	102-5	Ownership and legal form	75
	102-6	Markets served	137-141
	102-7	Scale of the organisation	20,25,67-69, and 137-141
	102-8	Information on employees and other workers	25 and 34
	102-9	Supply chain	26
	102-10	Significant changes to organisation and its supply chain	Not Applicable
	102-11	Precautionary principle or approach	We also acknowledge the importance of reducing our environmental impact by supporting the Precautionary Principle.
	102-12	External initiatives	27
	102-13	Membership of associations	27
	STRATEGY		
	102-14	Statement from the most senior decision maker of the organisation	24
	ETHICS AND INTEGRITY		
	102-16	Values, principles and norms of behaviour	1-3
	GOVERNANCE		
	102-18	Governance structure	27
	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	28
	102-41	Collective bargaining agreements	26.69% (75 out of 281) are BATU union member for CAST Lab.
	102-42	Identifying and selecting stakeholders	28
	102-43	Approach to stakeholder engagement	28
	102-44	Key topics and concerns raised	28

GRI CONTENT INDEX

GENERAL DISCLOSURES			
GRI Standard	**Disclosure**		**Chapter, Page Reference, Performance and/or Explanation for Omissions**
	REPORTING PRACTICE		
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	23 and 111-120
	102-46	Defining report content and topic boundaries	23 and 29
	102-47	List all material topics	29
	102-48	Restatements of information	Restated value of Absentee Rate for FY18. Reported Value / Restated Value LKHE 7.00 / 0.87 LKHP 7.77 / 0.97 LKHPD 3.23 / 0.40 TSE 7.31 / 0.91 CLPL 6.06 / 0.75
	102-49	Changes in reporting	Not Applicable
	102-50	Reporting period	23
	102-51	Date of the most recent report	Not Applicable
	102-52	Reporting cycle	23
	102-53	Contact point of questions regarding the report	23
	102-54	Claims of reporting in accordance with GRI Standards	23
	102-55	GRI Content Index	36-38
	102-56	External assurance	We are not seeking external assurance for this reporting period

GRI CONTENT INDEX

GENERAL DISCLOSURES			
GRI Standard		**Disclosure**	**Chapter, Page Reference, Performance and/or Explanation for Omissions**
Material Topics			
ECONOMIC			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8-13 and 29 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	67-147
ENVIRONMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29-30 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 302: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	30
SOCIAL			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29 and 31 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	31
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29 and 32 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	32
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29 and 33 Partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	33

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.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the "2018 Code") and accompanying Practice Guidance. The 2018 Code will take effect for Annual Reports covering financial years commencing from 1 January 2019. The Board will implement the 2018 Code in the next financial year.

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:

Non-Executive and Non-Independent Director
Lim Chye Huat @ Bobby Lim Chye Huat (Chairman w.e.f. 1 November 2018)

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

Non-Executive and Independent Directors
Soon Boon Siong (Lead Independent Director w.e.f. 1 November 2018)
Lee Fang Wen
Renny Yeo Ah Kiang (appointed on 1 July 2018)

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;

(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

CORPORATE GOVERNANCE

(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 and Risk Committee ("ARC").

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 internal controls to the ARC.

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 and Risk Committee ("ARC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Number of meetings held	4	4	2	2
Director	Number of meetings attended			
Lim Chye Huat @ Bobby Lim Chye Huat (Chairman w.e.f. 1 November 2018)	4	4	2	2
Lim Boon Hock Bernard	4	N.A.	N.A.	N.A.
Soon Boon Siong	4	4	2	2
Lee Fang Wen	4	4	2	2
Renny Yeo Ah Kiang (appointed on 1 July 2018; Member of ARC / NC / RC w.e.f. 1 November 2018)	4	3	1	1
Tay Joo Soon (retired on 31 October 2018)	1	1	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 recognises 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 organised by regulatory bodies and professional institutions such as Singapore Institute of Directors and Singapore Exchange Limited. The Company has an approved budget for such on-going training for its Directors.

During the financial year 2019, Directors kept themselves abreast with regulatory changes, governance topics and other matters which assist them in their duties as Directors by attending courses or seminars.

Details of the courses attended with attendance hours totaling 74 hours are as follows:–

- SID - ACRA-SGX-SID Audit Committee Seminar 2019
- SID - Board Risk Committee Essentials
- SNEF - Compensation For HR Professionals – Manage The Annual Salary Review
- SIAS - Corporate Governance Forum
- SID - Director Financial Reporting Fundamentals
- RHT Academy - Duties and Responsibilities of Directors & CFOs – Impact of Amendments to Code of Corporate Governance
- SID - Executive & Directors Remuneration
- SIAS - Global Corporate Governance Conference
- SID - Launch of 2018 Singapore Directorship Report & Corporate Governance Guides
- TMF Group - New Changes To Public Listed Companies In Singapore
- SGX - SGX Regulatory Symposium 2019
- SID - Singapore Governance & Transparency Index 2018

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

CORPORATE GOVERNANCE

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.

The Company complies with the Code's requirement for at least half of the Board to be made up of Independent Directors, when the Chairman and CEO are immediate family members. Three (3) of the five (5) Directors are non-executive and independent, namely, Mr. Soon Boon Siong, Mr. Lee Fang Wen and Mr. Renny Yeo Ah Kiang (appointed on 1 July 2018). 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 three (3) Non-Executive Directors are independent as defined in the Code as well as being independent in character and judgement. No individual or small group of individuals dominates the Board's decision-making process. The Board concurs with the views of the NC on the independence of these three (3) Directors.

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

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

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 with regulatory and compliance requirements and knowledge of risk management.

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

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")

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

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

CORPORATE GOVERNANCE

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

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

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

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

(a) Renny Yeo Ah Kiang (appointed as Member on 1 November 2018; Chairman w.e.f. 1 July 2019)
(b) Lee Fang Wen
(c) Soon Boon Siong and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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;

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

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

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

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

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

Mr. Lim Boon Hock Bernard, the CEO is not required to retire under the Company's Constitution. He has nevertheless volunteered to retire and offer himself for re-appointment at the forthcoming AGM in compliance with the Listing Rules.

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 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 FY2019, the NC is of the view that the Directors are able to carry out their duties as Directors of the Company and that each Director has discharged his duties adequately.

CORPORATE GOVERNANCE

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 FY2019.

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 the "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.

<u>Board Performance Criteria</u>

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

CORPORATE GOVERNANCE

Individual Director's Performance Criteria

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

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

Non-Executive Chairman and CEO Performance Criteria

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

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

The NC, without the engagement of an external facilitator, has performed the assessment for FY2019 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 FY2019 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.

CORPORATE GOVERNANCE

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.

Guideline 7.1: RC Membership

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

(a) Lee Fang Wen (Chairman)
(b) Soon Boon Siong
(c) Renny Yeo Ah Kiang (appointed as Member on 1 November 2018) and
(d) 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 Director's remuneration so as to link rewards to corporate and individual performance;

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

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

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 Director's and Key Management Personnel's contracts of service and is satisfied that termination terms are fair and reasonable and are not overly generous.

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's interests in the Company are still in line with the interests of its shareholders.

Guideline 8.3: Remuneration of Non-Executive Directors

The fees of Non-Executive Directors for FY2019 amounting to $262,000 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 and Risk	16,000	12,000
Nominating	7,000	3,000
Remuneration	7,000	3,000
Lead Independent Director	5,000	

The Board has assessed and approved the remuneration framework and the total proposed Director's fees for FY2020 will amount to $253,000.

CORPORATE GOVERNANCE

Director's fees are only payable to Non-Executive Directors. The proposed Director's fees for FY2020 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 encourages 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 are 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 FY2019.

The remuneration paid to the Directors for services rendered during FY2019 is as follows:-

Name of Director	Remuneration ($'000)	Director's Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	772	–	64%	36%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	62	100%	–	–	100%
Soon Boon Siong	69	100%	–	–	100%
Lee Fang Wen	64	100%	–	–	100%
Renny Yeo Ah Kiang #	44	100%	–	–	100%
Tay Joo Soon *	23	100%	–	–	100%

Appointed on 1 July 2018; Member of ARC / NC / RC w.e.f. 1 November 2018
* Retired on 31 October 2018

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	Lim Eng Heng	5%	71%	24%	100%
	Ong Wee Heng	8%	74%	18%	100%
$250,000 to below $300,000	Chia Ah Heng	6%	79%	15%	100%
	Lim Chai Lai @ Louis Lim Chai Lai	6%	80%	14%	100%
	Lim Lian Eng Sharon	–	75%	25%	100%

The aggregate remuneration paid to the above personnel was $1.47 million in FY2019.

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 Chye Huat @ Bobby Lim Chye Huat and Mr. Lim Boon Hock Bernard.

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

Guideline 9.5: Employee Share Scheme

<u>Employee Share Option Scheme</u>

The Company does not 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 are dependent on their individual performance as measured by their respective key performance indicators, as well as the performance of the Group as a whole.

The Company does not have any long-term incentive scheme 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 ARC and the Board. Any material variances between the actual results and projections / previous periods are investigated and explained.

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

Guideline 10.2: Compliance with Legislative and Regulatory Requirements

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

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 Board, with the assistance from the ARC oversees and ensures that such system has been appropriately implemented and monitored.

Risk Management

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

The Board is responsible for overseeing the Group's Risk Management Framework and policies.

Risk Management Principles

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

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

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

Risk Tolerance

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

These principles are:-

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

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

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

CORPORATE GOVERNANCE

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

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

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

The Risk Management Framework is designed to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded, the risks facing the business are being assessed and all information that may be required to be disclosed is reported to the Board through the Audit and Risk Committee. The ARC has reviewed the current Risk Management Framework and together with the Board are of the view that it remains appropriate for the financial year ended 30 June 2019.

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 ARC, is of the opinion that the Group's existing system of internal controls is adequate in addressing financial, operational, compliance and information technology risks as at 30 June 2019.

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

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

The ARC 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 2019 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.

CORPORATE GOVERNANCE

Based on the framework of risk management controls and internal controls established and maintained in the Group, the work performed by the internal auditors, the review undertaken by the external auditors as part of their statutory audit and the written assurance from the CEO and CFO that the financial records have been properly maintained, the Board is of the opinion that the Group's risk management and internal control systems are adequate and effective for the financial year ended 30 June 2019.

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

Guideline 11.4: Risk Committee

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

AUDIT AND RISK 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: ARC Membership

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

(a) Soon Boon Siong (Chairman)
(b) Lee Fang Wen
(c) Renny Yeo Ah Kiang (appointed as Member on 1 November 2018) and
(d) Lim Chye Huat @ Bobby Lim Chye Huat

During the year, the ARC held four (4) scheduled meetings which all members attended as disclosed under Guideline 1.4.

Guideline 12.2: Expertise of ARC Members

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

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

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

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

(a) 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;

CORPORATE GOVERNANCE

(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 ARC meetings and make presentations where appropriate. They also met the ARC separately without the presence of Management to review matters that might be raised privately.

Guideline 12.6: Review of External Auditors' Independence

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

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. Procedures in place provide employees with well-defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices, or raise concerns, in confidence, about possible improprieties in financial reporting, business transactions or other matters. Details of this policy, in the native language depending in the country of operation of the Group has been disseminated and made available to all employees through the respective Human Resources Departments of the respective companies within the Group as part of the fraud control awareness program.

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

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

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

Guideline 12.8: Activities of ARC

<u>ARC Meetings</u>

During the year, the ARC held four (4) scheduled meetings which all members attended as disclosed under Guideline 1.4. The CEO and CFO and other Key Management Personnel attended the meetings as well. The ARC was kept abreast by management, internal and external auditors on developments in legislations and regulations such as changes to accounting standards and new SGX-ST listing rules and practice guidance which could have an impact on the Group's disclosure requirements.

CORPORATE GOVERNANCE

Review of Financial Statements

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

Meetings with Internal Auditors

The Internal Auditors ("IA") presented their internal audit findings of two (2) companies in the Group. After reviewing and discussing the findings, the ARC accepted Management's responses to the IA's recommendations and the same was then submitted to the Board for its concurrence. The ARC paid attention to any material weaknesses reported, the reasonableness of the financial reporting process, the system of internal controls and the significant comments and recommendations proposed to ensure that the Group maintains a sound system of internal controls.

The ARC was briefed by the IA on its Internal Audit Plan for the financial year 30 June 2020. The said plan was accepted without any amendments for the Board's concurrence.

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

Meetings with External Auditors

The ARC met with the EA on two (2) occasions during the year. The first meeting was held in August 2018 where the EA, without the presence of Management, was asked among other matters, for their feedback on the support it received from management. Additionally, the ARC was briefed on their risk assessment process and their selection of significant risks and areas of audit focus and their determination of Key Audit Matters ("KAMs") in our Annual Report. The EA's Independent Auditor's Report containing the KAMs for the financial year ended 30 June 2018 was published in our Annual Report 2018.

In the second meeting held in May 2019, the EA presented its Planning Report to the ARC for the financial year ended 30 June 2019. The ARC was briefed, amongst other matters, on the EA's risk assessment process and the methodology used in the selection of our significant risks and areas of audit focus and KAMs for the financial year ended 30 June 2019.

The identified KAMs impacting our 2019 financial statements are as follows:

KAMs	How the issues were addressed by the ARC
Loss allowance for trade receivables	The ARC reviewed management's Expected Credit Loss ("ECL") assessment on trade receivable which is determined based on the historical credit loss rate, debtors' ability to pay and any relevant forward-looking information. For loss allowance recognised for individually identified debtors, the ARC reviewed management's assessment on credit quality and recoverability of these debtors. The ARC concluded that the method of estimating the carrying value of trade receivables as well as the level of allowance were appropriate.
Allowance for inventories	The ARC reviewed management's process over the monitoring and review of the allowance for inventories and the policy in place to determine the level of allowance required. After discussion, the ARC concluded that the method of estimating the carrying value of inventories as well as the level of allowance remain appropriate.

CORPORATE GOVERNANCE

Review of Re-appointment of External Auditors

The Board has accepted the ARC's recommendation to re-appoint Deloitte & Touche LLP ("D&T") as Auditors at our 2019 AGM. The ARC's recommendation was made in compliance with Rule 712 of the SGX-ST Listing Rules ("Listing Rules") and having given due consideration to the adequacy of the resources, experience and competence of D&T. The ARC had also taken into account the Audit Quality indicators relating to the experience of the engagement partner and key team members' experience; the audit hours spent by senior audit team members in auditing the Group; the training received by the audit team during the year; and the internal and external inspection results of senior team members. Furthermore, pursuant to Rule 1207(6) of the Listing Rules, the ARC is of the opinion that D&T's provision of non-audit services to the Group during the financial year would not affect their independence. D&T has also confirmed to the ARC that they are registered with the Accounting and Corporate Regulatory Authority.

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

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 ARC.

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

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 ARC is satisfied that the Company's internal audit function, as outsourced to UHY Lee Seng Chan & Co, is adequately resourced to perform the internal audit effectively for the Group.

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.

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

Guideline 13.5: Adequacy of Internal Audit Function

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

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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.

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.

CORPORATE GOVERNANCE

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 auditor's report.

Guideline 16.4: Minutes of General Meetings

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

Guideline 16.5: Voting by Poll

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

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 FY2019, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

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

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

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

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

MATERIAL CONTRACTS (LISTING MANUAL RULE 1207(8))

During FY2019, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 30 June 2019.

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 67 to 147 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 2019, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Executive

Lim Boon Hock Bernard (Chief Executive Officer)

Non-executive

Lim Chye Huat @ Bobby Lim Chye Huat (Appointed as Chairman on 1 November 2018)
Soon Boon Siong
Lee Fang Wen
Renny Yeo Ah Kiang (Appointed on 1 July 2018)

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 30 June 2018**	**At 30 June 2019**	**At 30 June 2018**	**At 30 June 2019**
Tai Sin Electric Limited	Number of shares			
Lim Chye Huat @ Bobby Lim Chye Huat	35,782,797	36,677,366	–	–
Lim Boon Hock Bernard	49,384,527	60,158,525	1,967,792	2,016,986

The directors' interests in the shares of the company at 21 July 2019 were the same as at 30 June 2019.

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 AND RISK COMMITTEE

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

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

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

c) the audit plans of the external auditors;

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

e) the 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;

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

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

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

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

25 September 2019

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 2019, 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 67 to 147.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Key audit matters	How the matter was addressed in the audit
Loss allowance for trade receivables As at 30 June 2019, the group has trade receivables of $90.6 million, representing 49.4% of the group's current assets. The group determines the expected credit loss ("ECL") of trade receivables by using an allowance matrix that is based on its historical credit loss experience, debtors' ability to pay and any relevant forward-looking information that may be specific to the debtors and economic environment. This assessment requires significant assumptions and estimates. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables. The group's disclosure on trade receivables is set out in Note 7 to the financial statements.	We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of loss allowance for trade receivables. We discussed with management and assessed the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates and reviewed data and information used by management in the ECL model. We also recomputed management's calculation for the loss allowance and tested the adequacy of prior year allowance by comparing against actual loss incurred in the current year. For loss allowance recognised for individually identified debtors, we evaluated and reviewed management's assessment on credit quality and recoverability by considering amongst other factors such as subsequent receipts, payment history, settlement agreements and/or the ongoing business relationship with the debtors involved. We assessed the adequacy of disclosures made by management in respect of loss allowance for trade receivables.
Allowance for inventories As at 30 June 2019, the group holds significant inventories carried at the lower of cost and net realisable value of $68.2 million, representing 37.2% of the group's current assets. Such inventories comprise cable and wire products, electrical and electronic components and products, and lights and lighting components. The determination of the net realisable value of inventories is dependent upon management's assessment of allowance for inventories. This assessment involves the exercise of significant judgement in determining the allowance for inventories which include the age and type of inventory items, likelihood of obsolescence, past history of sales, the condition of the inventory items, the demand for the products and whether the allowance for inventories is adequate such that they are carried in the group's accounting records at the lower of cost or net realisable value. The group's disclosure on inventories is set out in Note 11 to the financial statements.	We performed procedures to understand management's process over the monitoring and review of the allowance for inventories and the policy in place to determine the level of allowance required. We discussed with management and evaluated the appropriateness of the group's policy and basis used in the assessment of allowance for inventories, and recalculated the allowance recorded, including testing the accuracy of the aging data used on a sample basis. We also assessed the reasonableness of the level of allowance recorded by comparing to recently transacted prices or prices of past sales of similar cable and wire products, electrical and electronic components and products, and light and lighting components. We assessed the adequacy of disclosures made by management in respect of allowance for inventories.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

25 September 2019

STATEMENTS OF FINANCIAL POSITION

30 June 2019

	Note	Group			Company		
		30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
ASSETS							
Current assets							
Cash and bank balances	6	16,822	18,754	22,081	5,092	6,155	8,879
Trade receivables	7	90,643	93,585	78,499	45,638	52,741	41,521
Other receivables	8	3,544	3,102	2,320	3,993	3,116	2,837
Contract assets	9	3,736	3,159	2,296	–	–	–
Derivative financial instruments	10	437	369	167	437	369	167
Inventories	11	68,202	70,309	63,590	42,270	43,610	38,361
Total current assets		183,384	189,278	168,953	97,430	105,991	91,765
Non-current assets							
Other receivables	8	111	494	387	1,806	2,932	4,072
Contract assets	9	–	25	–	–	–	–
Subsidiaries	12	–	–	–	42,671	44,615	44,519
Associates	13	9,137	7,510	5,561	–	–	–
Property, plant and equipment	14	40,329	34,161	35,292	14,143	6,698	7,326
Investment property	15	3,003	3,159	3,052	–	–	–
Leasehold prepayments	16	124	130	136	–	–	–
Intangible assets	17	391	623	855	–	–	–
Deferred tax assets	18	106	62	76	–	–	–
Total non-current assets		53,201	46,164	45,359	58,620	54,245	55,917
Total assets		236,585	235,442	214,312	156,050	160,236	147,682
LIABILITIES AND EQUITY							
Current liabilities							
Short-term bank borrowings	19	25,611	19,753	9,994	10,494	4,641	–
Trade payables	20	22,223	28,727	23,504	9,650	16,352	9,915
Other payables	21	6,765	6,920	7,127	2,101	2,458	2,555
Contract liabilities	22	1,236	1,731	960	27	6	2
Current portion of finance leases	23	113	–	49	–	–	–
Derivative financial instruments	10	–	–*	72	–	–	72
Income tax payable		1,986	1,644	2,314	868	1,122	1,500
Total current liabilities		57,934	58,775	44,020	23,140	24,579	14,044

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

30 June 2019

		Group			Company		
	Note	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Non-current liabilities							
Other payables	21	115	88	69	–	–	–
Non-current portion of finance leases	23	136	–	87	–	–	–
Deferred tax liabilities	18	1,587	2,079	1,649	660	717	410
Total non-current liabilities		1,838	2,167	1,805	660	717	410
Capital, reserves and non-controlling interests							
Share capital	24	58,641	56,288	56,288	58,641	56,288	56,288
Treasury shares	25	(950)	(950)	(950)	(950)	(950)	(950)
Reserves	26	117,858	117,979	112,047	74,559	79,602	77,890
Equity attributable to the owners of the company		175,549	173,317	167,385	132,250	134,940	133,228
Non-controlling interests		1,264	1,183	1,102	–	–	–
Total equity		176,813	174,500	168,487	132,250	134,940	133,228
Total liabilities and equity		236,585	235,442	214,312	156,050	160,236	147,682

* Amount less than $1,000.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2019

	Note	Group	
		2019	**2018**
		$'000	**$'000**
Revenue	27	335,706	324,542
Cost of sales		(285,190)	(270,849)
Gross profit		50,516	53,693
Other operating income	28	2,562	2,088
Selling and distribution expenses		(19,412)	(19,217)
Administrative expenses		(18,547)	(19,565)
Other operating expenses		(1,775)	(1,892)
Finance costs	29	(1,005)	(552)
Share of profit of associates	13	1,608	3,668
Profit before income tax		13,947	18,223
Income tax expense	30	(1,965)	(2,651)
Profit for the year	31	11,982	15,572
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,099)	646
Changes in share of other comprehensive income of associates	13	32	33
Other comprehensive (loss) income for the year, net of tax		(1,067)	679
Total comprehensive income for the year		10,915	16,251
Profit for the year attributable to:			
Owners of the company		11,749	15,456
Non-controlling interests		233	116
		11,982	15,572
Total comprehensive income attributable to:			
Owners of the company		10,672	16,167
Non-controlling interests		243	84
		10,915	16,251
Earnings per share			
Basic (cents)	32	2.69	3.55
Diluted (cents)	32	2.69	3.55

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2019

	Note	Share capital $'000	Treasury shares $'000	Reserves: Foreign currency translation reserve $'000	Reserves: Other reserve $'000	Reserves: Accumulated profits $'000	Equity attributable to shareholders of the company $'000	Non-controlling interests $'000	Total equity $'000
Group									
Balance at 1 July 2017		56,288	(950)	(3,529)	(1,084)	116,660	167,385	1,102	168,487
Effect of adoption of SFRS(I) 1	38	–	–	3,529	–	(3,529)	–	–	–
Balance at 1 July 2017, as restated		56,288	(950)	–	(1,084)	113,131	167,385	1,102	168,487
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	15,456	15,456	116	15,572
Other comprehensive income (loss) for the year		–	–	711	–	–	711	(32)	679
Total		–	–	711	–	15,456	16,167	84	16,251
Transactions with owners, recognised directly in equity									
Dividends paid to non-controlling interests		–	–	–	–	–	–	(3)	(3)
Final dividend for the previous financial year paid	33	–	–	–	–	(6,968)	(6,968)	–	(6,968)
Interim dividend for the financial year paid	33	–	–	–	–	(3,267)	(3,267)	–	(3,267)
Total		–	–	–	–	(10,235)	(10,235)	(3)	(10,238)
Balance at 30 June 2018		56,288	(950)	711	(1,084)	118,352	173,317	1,183	174,500

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2019

	Note	Share capital	Treasury shares	Reserves: Foreign currency translation reserve	Reserves: Other reserve	Reserves: Accumulated profits	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance at 1 July 2018, as previously reported		56,288	(950)	(2,818)	(1,084)	121,881	173,317	1,183	174,500
Effect of adoption of SFRS(I) 1	38	–	–	3,529	–	(3,529)	–	–	–
Effect of adoption of SFRS(I) 9	38	–	–	9	–	(994)	(985)	(12)	(997)
Balance at 1 July 2018, as restated		56,288	(950)	720	(1,084)	117,358	172,332	1,171	173,503
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	11,749	11,749	233	11,982
Other comprehensive (loss) income for the year		–	–	(1,077)	–	–	(1,077)	10	(1,067)
Total		–	–	(1,077)	–	11,749	10,672	243	10,915
Transactions with owners, recognised directly in equity									
Issue of shares pursuant to Scrip Dividend Scheme	33	2,353	–	–	–	(2,353)	–	–	–
Share of post-acquisition reserve from an associate		–	–	–	(8)	–	(8)	–	(8)
Dividends declared to non-controlling interests		–	–	–	–	–	–	(150)	(150)
Final dividend for the previous financial year paid	33	–	–	–	–	(6,533)	(6,533)	–	(6,533)
Interim dividend for the financial year paid	33	–	–	–	–	(914)	(914)	–	(914)
Total		2,353	–	–	(8)	(9,800)	(7,455)	(150)	(7,605)
Balance at 30 June 2019		58,641	(950)	(357)	(1,092)	119,307	175,549	1,264	176,813

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2019

			Reserves		
	Note	**Share capital $'000**	**Treasury shares $'000**	**Accumulated profits $'000**	**Total Equity $'000**
Company					
Balance at 1 July 2017		56,288	(950)	77,890	133,228
Profit for the year, representing total comprehensive income for the year		–	–	11,947	11,947
Transactions with owners, recognised directly in equity					
Final dividend for the previous financial year paid	33	–	–	(6,968)	(6,968)
Interim dividend for the financial year paid	33	–	–	(3,267)	(3,267)
Total		–	–	(10,235)	(10,235)
Balance at 30 June 2018		56,288	(950)	79,602	134,940
Effect of adoption SFRS(I) 9	38	–	–	(225)	(225)
Balance at 1 July 2018, as restated		56,288	(950)	79,377	134,715
Profit for the year, representing total comprehensive income for the year		–	–	4,982	4,982
Transactions with owners, recognised directly in equity					
Issue of shares pursuant to Scrip Dividend Scheme		2,353	–	(2,353)	–
Final dividend for the previous financial year paid		–	–	(6,533)	(6,533)
Interim dividend for the financial year paid		–	–	(914)	(914)
Total		2,353	–	(9,800)	(7,447)
Balance at 30 June 2019		58,641	(950)	74,559	132,250

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2019

	Group	
	2019	2018
	$'000	$'000
Operating activities		
Profit before income tax	13,947	18,223
Adjustments for:		
Depreciation expense	5,283	5,071
Amortisation expense	232	232
Interest income	(21)	(57)
Interest expense	1,005	552
Gain on disposal of property, plant and equipment	(92)	(54)
Property, plant and equipment written off	20	33
Bad debts written off	24	–
Loss allowance for trade receivables	1,731	745
Inventories written off	236	233
Allowance for inventories obsolescence	3	76
Fair value adjustments on derivative financial instruments taken to profit or loss	(437)	(369)
Share of profit of associates	(1,608)	(3,668)
Operating cash flows before movement in working capital	20,323	21,017
Trade receivables	(557)	(15,333)
Other receivables	205	(630)
Contract assets	(569)	(888)
Inventories	1,406	(6,777)
Trade payables	(6,029)	5,311
Other payables	(249)	(204)
Contract liabilities	(473)	771
Cash generated from operations	14,057	3,267
Income tax paid	(2,201)	(3,151)
Net cash from operating activities	11,856	116
Investing activities		
Acquisition of an associate	–	(888)
Purchase of property, plant and equipment [(a)]	(11,403)	(3,875)
Proceeds from disposal of property, plant and equipment	132	219
Dividend received from an associate	–	2,640
Interest received	21	57
Net cash used in investing activities	(11,250)	(1,847)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2019

	Group	
	2019	2018
	$'000	$'000
Financing activities		
Proceeds from short-term bank borrowings	101,220	68,600
Repayment of short-term bank borrowings	(95,025)	(59,309)
Repayment of finance lease obligations	(89)	(138)
Interest paid	(1,005)	(552)
Dividends paid [(b)]	(7,447)	(10,235)
Dividends paid to non-controlling interests	–	(3)
Net cash used in financing activities	(2,346)	(1,637)
Net decrease in cash and cash equivalents	(1,740)	(3,368)
Cash and cash equivalents at beginning of year	18,754	22,081
Effects of exchange rate changes on the balance of cash held in foreign currencies	(192)	41
Cash and cash equivalents at end of year	16,822	18,754

Notes:

(a) Purchase of property, plant and equipment

During the financial year, the group acquired property, plant and equipment with an aggregate cost of $11,745,000 (2018 : $3,875,000) of which $342,000 (2018 : $Nil) was acquired by means of finance leases. Cash payment of $11,403,000 (2018 : $3,875,000) were made to purchase property, plant and equipment.

(b) Dividends paid

During the financial year, the group allotted and issued 7,841,974 new shares at an issue price of $0.30 per share pursuant to the Scrip Dividend Scheme. Cash payments of $7,447,000 (2018 : $10,235,000) were made for the dividends.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

1 GENERAL

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

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

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

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended 30 June 2019 were authorised for issue by the Board of Directors on 25 September 2019.

For all periods up to and including the year ended 30 June 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 30 June 2019 are the first set that the group and the company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 38.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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.

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

Financial assets (before 1 July 2018)

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.

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 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".

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 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.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

<u>Derecognition of financial assets</u>

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 assets (from 1 July 2018)

Financial assets are recognised in the statement of financial positions when, and only when, the group becomes a party to the contractual provisions of the financial instrument. The group determines the classification of its financial assets at initial recognition.

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

<u>Classification of financial assets</u>

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

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

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

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

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

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

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

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

Financial assets at FVTPL

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

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

- financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item (Note 28). Fair value is determined in the manner described in Note 4(b)(vi).

Foreign exchange gains and losses

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

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

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

Impairment of financial assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant increase in credit risk

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

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Definition of default

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

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

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

Credit-impaired financial assets

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

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

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

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

<u>Derecognition of financial assets</u>

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

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

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" (Note 28) or "other operating expenses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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

Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

LEASES - 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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 cable and wire products, electrical and electronic components and products, lights and lighting components by the various subsidiaries and raw materials, work-in-progress and finished goods for the company and other manufacturing entities. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

PROPERTY, PLANT AND EQUIPMENT - 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 33%
Plant and machinery	-	10% to 33%
Motor vehicles	-	10% to 20%

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

Depreciation is not provided on freehold land.

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

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

<u>Onerous contracts</u>

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

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Sale of goods

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

Rendering of services

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

Interest income

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

Dividend income

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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.

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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>Loss allowance for trade receivables</u>

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

The allowance matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust historical credit loss experience with forward-looking information that may be specific to the debtors. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant management estimate. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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

ii) <u>Allowance for inventories</u>

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

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

iii) <u>Impairment of investments in subsidiaries and associates</u>

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

The carrying amount of investments in and advances to subsidiaries at the end of the reporting period was $42,671,000 (2018 : $44,615,000), net of provision for impairment loss of $2,535,000 (2018 : $Nil) as disclosed in Note 12 to the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

iv) Provision for onerous contracts

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

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

For the years ended 30 June 2019 and 2018, no provision for onerous contracts was made.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Financial assets						
Financial assets at amortised costs	112,688	117,057	104,303	55,953	64,776	57,090
Derivative financial instruments	437	369	167	437	369	167
Financial liabilities						
Financial liabilities at amortised costs	54,722	55,333	40,612	22,245	23,451	12,470
Derivative financial instruments	–	–	72	–	–	72

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

(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.

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:

	Liabilities			Assets		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Group						
United States dollar	7,993	15,328	9,109	3,179	5,752	4,714
Euro	727	837	936	45	–	–
Singapore dollar	6	864	1,496	467	1,334	817
Company						
United States dollar	5,694	13,223	6,539	310	1,429	1,283
Euro	653	768	877	–	–	–

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 2019, 2018 and 2017 are disclosed in Note 10.

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
Profit or loss	(2,853)	(746)	68	84	(46)	(47)
Company						
Profit or loss	(2,796)	(497)	65	77	–	–

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 finance leases of the group are disclosed in Notes 19 and 23 to the financial statements respectively.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at 30 June 2019, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

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

30 June 2019	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	93,458	(2,815)	90,643
Other receivables	8	Performing	12-month ECL	3,703	(48)	3,655
				97,161	(2,863)	94,298
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	46,330	(692)	45,638
Other receivables	8	Performing	12-month ECL	5,799	–	5,799
				52,129	(692)	51,437

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

iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables of the group consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

iv) Credit risk management (cont'd)

The group and company are exposed to a concentration of credit risk as trade receivables amounting to about 10% (30 June 2018 : 14%, 1 July 2017 : 7%) and 20% (30 June 2018 : 25%, 1 July 2017 : 14%) respectively are due mainly from one key customer (30 June 2018 : three key customers, 1 July 2017 : two key customers) with good payment history.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables are disclosed in Note 7 to the financial statements.

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

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
By geographical areas						
Singapore	70,077	72,595	61,238	42,353	50,858	41,175
Malaysia	11,015	14,975	13,303	189	212	591
Brunei	3,141	1,365	1,461	1,969	35	131
Vietnam	6,369	2,496	3,542	1,277	636	881
Indonesia	2,119	1,110	773	471	201	87
Thailand	259	71	688	8	22	657
Myanmar	79	1,202	90	63	1,200	90
Cambodia	53	814	–	–	–	–
Others	346	279	406	–	–	33
Total gross trade receivables	93,458	94,907	81,501	46,330	53,164	43,645

v) Liquidity risk management

The group maintains sufficient cash and cash equivalents, availability of adequate committed funding lines from financial institutions and internally generated cash flows to finance their activities. The group finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities in the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000
Group					
2019					
Non-interest bearing	–	28,747	115	–	28,862
Finance lease liability (fixed rate)	3.06	113	147	(11)	249
Fixed interest rate instruments	3.00	26,379	–	(768)	25,611
		55,239	262	(779)	54,722
2018					
Non-interest bearing	–	35,492	88	–	35,580
Fixed interest rate instruments	3.25	20,394	–	(641)	19,753
		55,886	88	(641)	55,333
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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000
Company					
2019					
Non-interest bearing	–	11,751	–	–	11,751
Fixed interest rate instruments	2.73	10,780	–	(286)	10,494
		22,531	–	(286)	22,245
2018					
Non-interest bearing	–	18,810	–	–	18,810
Fixed interest rate instruments	2.47	4,756	–	(115)	4,641
		23,566	–	(115)	23,451
2017					
Non-interest bearing	–	12,470	–	–	12,470

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 34 is $15,117,000 (2018 : $15,112,000). The earliest period that the guarantee could be called is within 1 year (2018 : 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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000
Group					
2019					
Non-interest bearing		112,567	111	–	112,678
Fixed interest rate instruments	0.25	10	–	–	10
		112,577	111	–	112,688
2018					
Non-interest bearing	–	116,553	494	–	117,047
Fixed interest rate instruments	0.25	10	–	–	10
		116,563	494	–	117,057
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
Company					
2019					
Non-interest bearing	–	53,008	–	–	53,008
Fixed interest rate instruments	2.50	1,200	1,806	(61)	2,945
		54,208	1,806	(61)	55,953
2018					
Non-interest bearing	–	60,704	–	–	60,704
Fixed interest rate instruments	1.70	1,200	2,932	(60)	4,072
		61,904	2,932	(60)	64,776
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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

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

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

v) Liquidity risk management (cont'd)

Derivative financial instruments

As at 30 June 2019, 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 $437,000 (2018 : $369,000).

vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of derivative instruments are calculated using quoted prices. 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 19 and 23 (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 24 to 26.

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 2019 and 2018.

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 2018.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

5 RELATED PARTY TRANSACTIONS

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

During the year, the group entered into the following significant transactions with related parties:

	Group	
	2019	2018
	$'000	$'000
Sales to associates	(2,952)	(3,658)
Services provided by associates	169	–
Management fees charge to associates	(12)	–
Rental charge to associates	(113)	–
Services provided to associates	(21)	–
Expenses paid on behalf for associates	(98)	–

Companies in which key management have interests:

	Group	
	2019	2018
	$'000	$'000
Sales	(3,867)	(1,008)
Purchases	131	831
Sales of plant and machinery to a related party	(6)	–
Services provided to a related party	(12)	(818)
Services provided by a related party	–	23
Sub-contract charges to a related party	(141)	(469)
Consultancy services provided to a related party	(55)	(63)
Rental income from a related party	(11)	(11)
Billing on behalf by a related party	–	(868)
Expenses paid on behalf to a related party	829	658

Compensation of directors and key management personnel

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

	Group	
	2019	2018
	$'000	$'000
Short-term benefits (including directors' fee)	5,864	6,032
Post-employment benefits	291	304
	6,155	6,336

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

6 CASH AND BANK BALANCES

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and bank balances	16,812	18,744	21,098	5,092	6,155	8,879
Fixed deposits	10	10	983	–	–	–
	16,822	18,754	22,081	5,092	6,155	8,879

The fixed deposits bear interest at 0.25% (30 June 2018 : 0.25%, 1 July 2017 : 0.25% to 3.40%) per annum and are due within 12 months (30 June 2018 and 1 July 2017 : 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		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Outside parties	89,400	93,880	78,684	42,031	51,083	39,803
Related parties (Note 5)	3,242	328	449	1,969	35	132
Subsidiaries (Note 12)	–	–	–	1,849	1,420	1,628
Associates (Note 13)	816	699	2,368	481	626	2,082
	93,458	94,907	81,501	46,330	53,164	43,645
Less: Loss allowance	(2,815)	(1,322)	(3,002)	(692)	(423)	(2,124)
	90,643	93,585	78,499	45,638	52,741	41,521

From 1 July 2018

The average credit period is 30 to 120 days (30 June 2018 and 1 July 2017 : 30 to 120 days). No interest is charged on the trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using an allowance matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

7 TRADE RECEIVABLES (cont'd)

From 1 July 2018 (cont'd)

The following table details the risk profile of trade receivables from contracts with customers based on the group's allowance matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer base.

	Trade receivables - days past due				
30 June 2019	**Not past due**	**0 – 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
Expected credit loss rate	0.37%	1.17%	11.14%	100.00%	–
Estimated total gross carrying amount at default	47,945	37,262	6,807	1,444	93,458
Lifetime ECL	(177)	(436)	(758)	(1,444)	(2,815)
					90,643
Company					
Expected credit loss rate	0.14%	0.36%	15.99%	100.00%	–
Estimated total gross carrying amount at default	29,394	14,527	2,157	252	46,330
Lifetime ECL	(42)	(53)	(345)	(252)	(692)
					45,638

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	**Individually assessed**	**Lifetime ECL - credit-impaired**	**Total**
	$'000	**$'000**	**$'000**
Balance as at 1 July 2018	1,322	–	1,322
Adoption of SFRS(I) 9	–	1,242	1,242
Balance as at 1 July 2018, as restated	1,322	1,242	2,564
Amounts written off	(1,422)	–	(1,422)
Change in loss allowance	1,568	136	1,704
Currency alignment	(24)	(7)	(31)
Balance as at 30 June 2019	1,444	1,371	2,815

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

7 TRADE RECEIVABLES (cont'd)

From 1 July 2018 (cont'd)

Company	Individually assessed $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at 1 July 2018	423	–	423
Adoption of SFRS(I) 9	–	271	271
Balance as at 1 July 2018, as restated	423	271	694
Amounts written off	(1,269)	–	(1,269)
Change in loss allowance	1,098	169	1,267
Balance as at 30 June 2019	252	440	692

Before 1 July 2018

The average credit period on sales of goods is 30 to 120 days (1 July 2017 : 30 to 120 days). No interest is charged on 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 $38,831,000 (1 July 2017 : $37,342,000) and $19,856,000 (1 July 2017 : $16,198,000) 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.

Movements in the loss allowance for trade receivables:

	Group		Company	
	30 June 2018 $'000	1 July 2017 $'000	30 June 2018 $'000	1 July 2017 $'000
Balance at beginning of the year	3,002	1,887	2,124	1,460
Charge to profit or loss	745	1,343	454	713
Amounts written off during the year	(2,446)	(222)	(2,155)	(49)
Currency realignment	21	(6)	–	–
Balance at end of the year	1,322	3,002	423	2,124

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

8 OTHER RECEIVABLES

	Group			Company		
	30 June 2019 $'000	**30 June 2018 $'000**	**1 July 2017 $'000**	**30 June 2019 $'000**	**30 June 2018 $'000**	**1 July 2017 $'000**
Subsidiaries (Note 12)	–	–	–	2,176	1,697	1,334
Loan to a subsidiary	–	–	–	2,945	4,072	5,192
Related parties (Note 5)	366	340	426	–	–	–
Advances to staff	265	288	361	93	107	149
Prepayments	1,383	1,157	1,087	576	168	219
Leasehold prepayments (current portion) (Note 16)	3	4	4	–	–	–
Loan to directors	–	–	8	–	–	–
Other deposits	482	427	368	8	2	13
Advance to suppliers	236	523	71	–	–	–
Tax recoverable	546	378	118	–	–	–
Others	422	500	285	1	2	2
Total	3,703	3,617	2,728	5,799	6,048	6,909
Less: Non-current other receivables	(111)	(494)	(387)	(1,806)	(2,932)	(4,072)
Less: Loss allowance	(48)	(21)	(21)	–	–	–
Current other receivables	3,544	3,102	2,320	3,993	3,116	2,837

The loan to a subsidiary of $2,945,000 (30 June 2018 : $4,072,000, 1 July 2017 : $5,192,000) bears interest at a fixed rate of 1.70% to 2.50% (30 June 2018 and 1 July 2017 : 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 was unsecured, interest-free and payable on demand.

From 1 July 2018

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

8 OTHER RECEIVABLES (cont'd)

Before 1 July 2018

Movements in the loss allowance for other receivables:

	Group		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Balance at beginning of the year	21	21	21
Charge to profit or loss	27	–	–
Balance at end of the year	48	21	21

9 CONTRACT ASSETS

	Group		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Retention receivables	24	–	–
Test and inspections contracts:			
- Outside parties	3,320	2,620	1,947
- Related parties (Note 5)	392	558	349
- Associates (Note 13)	–	6	–
	3,736	3,184	2,296
Analysed as:			
- Current	3,736	3,159	2,296
- Non-current	–	25	–
	3,736	3,184	2,296

Contract assets are balances due from customers under on-going contracts that arise when the group receives payments from customers in line with a series of performance - related milestones. The group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for test and inspections services is not due from the customer until the services are completed and therefore a contract asset is recognised over the period in which the services are performed to represent the group's right to consideration for the services transferred to date.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company					
	2019		2018		2017	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Forward foreign exchange contracts	311	–	366	–*	–	(72)
Copper contracts	126	–	3	–	167	–
Total	437	–	369	–*	167	(72)

* Amount less than $1,000.

Forward foreign exchange contracts

As at 30 June 2019 and 2018, and 1 July 2017, 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		
	30 June 2019 FC'000	30 June 2018 FC'000	1 July 2017 FC'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Group									
Buy United States dollar less than 12 months	24,871	12,759	20,000	33,341	17,033	27,652	311	366	(72)
Company									
Buy United States dollar less than 12 months	24,871	12,559	20,000	33,341	16,760	27,652	311	366	(72)

As at 30 June 2019, the fair value of forward foreign exchange contracts for the group and the company was at a net assets position amounting to $311,000 (30 June 2018 : $366,000, 1 July 2017 : net liabilities position amounting to $72,000). 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 2019 and 2018, and 1 July 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 2019

11 INVENTORIES

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Raw materials	9,351	8,325	8,083	6,155	5,258	5,605
Work-in-progress	13,751	16,415	12,425	9,550	10,640	7,219
Finished goods	43,116	39,693	40,062	24,963	23,170	23,089
Goods-in-transit	1,984	5,876	3,020	1,602	4,542	2,448
	68,202	70,309	63,590	42,270	43,610	38,361

Inventories are stated net of an allowance of $458,000 (30 June 2018 : $455,000, 1 July 2017 : $379,000). In addition, $236,000 (30 June 2018 : $233,000, 1 July 2017 : $250,000) of inventories were written off as they were assessed to be not saleable. During the year, there is an allowance for inventories obsolescence of $3,000 (30 June 2018 : $76,000, 1 July 2017 : $76,000).

12 SUBSIDIARIES

	Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Unquoted equity shares, at cost	33,893	36,429	36,429
Deemed investment [(a)]	8,778	8,186	7,302
Advances	–	–	788
	42,671	44,615	44,519

For the year ended 30 June 2019, investment in subsidiaries is recorded net of provision for impairment loss of $2,535,000 (30 June 2018 and 1 July 2017 : $Nil).

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 at 1% (30 June 2018 and 1 July 2017 : 1% to 2%) per annum of the sum guaranteed under the financial guarantee contract.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

12 SUBSIDIARIES (cont'd)

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		
		30 June 2019	30 June 2018	1 July 2017
		%	%	%
Tai Sin Electric Cables (Malaysia) Sdn. Bhd. [(b)]	Cable and wire manufacturer and dealer in such products/ Malaysia	100	100	100
PKS Sdn Bhd [(b)]	Electrical switchboards, feeder pillars and components manufacturer and dealer in such products/ Brunei	70	70	70
Tai Sin (Vietnam) Pte Ltd [(a)]	Intermediate investment holding/ Singapore	100	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	100
Lim Kim Hai Electric (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Trading of electrical products/ Vietnam	90	90	90
Tai Sin Electric International Pte Ltd [(a)]	Dormant/ Singapore	100	100	100
Lim Kim Hai Electric Co (S) Pte Ltd [(a)]	Distributor of electrical products and investment holding/ Singapore	100	100	100
LKH Electric (M) Sdn. Bhd. (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(b)]	Dormant/ Malaysia	100	100	100
LKH Precicon Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	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	100

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

12 SUBSIDIARIES (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held		
		30 June 2019	30 June 2018	1 July 2017
		%	%	%
CAST Laboratories Pte Ltd [(a)]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	100	100	100
CiPGi Pte Ltd (subsidiary of CAST Laboratories Pte Ltd) [(a)]	Dormant/ Singapore	100	100	100
CASTconsult Sdn Bhd (subsidiary of CAST Laboratories Pte Ltd) [(b)]	General construction and technical engineering/ Malaysia	100	100	100
PT CAST Laboratories Indonesia (subsidiary of CAST Laboratories Pte Ltd) [(d)]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	95	95	95

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

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(c) Audited by DTL Auditing Company, a member firm of RSM International.

(d) Audited by KAP Hendrawinata Hanny Erwin & Sumargo, a member firm of Kreston International.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

12 SUBSIDIARIES (cont'd)

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

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiaries		
		30 June 2019	30 June 2018	1 July 2017
Cable and wire manufacturer and dealer in such products	Malaysia	1	1	1
Dormant	Malaysia	1	1	1
Investment holding	Singapore	1	1	1
Cable and wire manufacturer and dealer in such products	Vietnam	1	1	1
Dormant	Singapore	2	2	1
Distributor of electrical products and investment holding	Singapore	1	1	1
Distributor of electrical products	Singapore	2	2	2
Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding	Singapore	1	1	1
Provision of technical testing services, analysis services, construction and infrastructure maintenance activities	Singapore	–	–	1
General construction and technical engineering	Malaysia	1	1	1
		11	11	11

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

12 SUBSIDIARIES (cont'd)

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

Principal activity	Country of incorporation and operation	Number of non wholly-owned subsidiaries		
		30 June 2019	30 June 2018	1 July 2017
		%	%	%
Trading of electrical products.	Vietnam	1	1	1
Electrical switchboards, feeder pillars and components manufacturer and dealer in such products.	Brunei	1	1	1
Provision of oil and gas, non-construction, testing and analysis services.	Indonesia	1	1	1
		3	3	3

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		
		30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
		%	%	%	$'000	$'000	$'000	$'000	$'000	$'000
PKS Sdn Bhd	Brunei	30	30	30	90	71	93	738	798	727
CAST Laboratories Pte Ltd and its subsidiaries [(a)]	Singapore	5	5	5	10	-*	7	125	115	126
Lim Kim Hai Electric (VN) Company Limited	Vietnam	10	10	10	133	45	65	401	270	249
Total					233	116	165	1,264	1,183	1,102

* Amount less than $1,000.

(a) Non-controlling interest in CAST Laboratories Pte Ltd and its subsidiaries pertains to PT CAST Laboratories Indonesia.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

12 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			Lim Kim Hai Electric (VN) Company Limited		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Current assets	3,289	3,238	2,765	2,673	1,703	1,609	6,225	4,354	4,264
Non-current assets	70	32	53	1,032	1,094	1,260	126	91	123
Current liabilities	(901)	(612)	(396)	(1,080)	(409)	(290)	(2,356)	(1,749)	(1,894)
Non-current liabilities	–	–	–	(123)	(88)	(69)	–	–	–
Equity attributable to owners of the company	1,720	1,860	1,695	2,377	2,185	2,384	3,594	2,426	2,244
Non-controlling interests	738	798	727	125	115	126	401	270	249
Revenue	4,883	5,150	5,179	3,380	2,037	2,724	33,406	20,564	24,066
Expenses	(4,583)	(4,914)	(4,869)	(3,186)	(2,046)	(2,597)	(32,070)	(20,109)	(23,407)
Profit (Loss) for the year	300	236	310	194	(9)	127	1,336	455	659
Profit (Loss) attributable to owners of the company	210	165	217	184	(9)	121	1,203	410	593
Profit attributable to the non-controlling interests	90	71	93	10	–*	6	133	45	66
Profit (Loss) for the year	300	236	310	194	(9)	127	1,336	455	659
Other comprehensive (loss) income attributable to owners of the company	–	–	–	(93)	(65)	(41)	(83)	(44)	6
Other comprehensive (loss) income attributable to the non-controlling interests	–	–	–	–*	(11)	1	10	(21)	1
Other comprehensive (loss) income for the year	–	–	–	(93)	(76)	(40)	(73)	(65)	7
Total comprehensive income (loss) attributable to owners of the company	210	165	217	91	(74)	80	1,120	366	599
Total comprehensive income (loss) attributable to the non-controlling interests	90	71	93	10	(11)	7	143	24	67
Total comprehensive income (loss) for the year	300	236	310	101	(85)	87	1,263	390	666
Dividends declared/paid to non-controlling interests	150	–	300	–	–	15	–	3	7
Net cash inflow (outflow) from operating activities	(83)	677	36	24	97	(68)	(173)	(6)	200
Net cash outflow from investing activities	(55)	–	–	(166)	(68)	(349)	(11)	(24)	–
Net cash outflow from financing activities	–	–	(1,000)	(5)	–	(299)	–	(27)	(70)
Net cash inflow (outflow)	(138)	677	(964)	(147)	29	(716)	(184)	(57)	130

* Amount less than $1,000.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

13 ASSOCIATES

	Group		
	30 June 2019 $'000	**30 June 2018 $'000**	**1 July 2017 $'000**
Unquoted equity shares, at cost	2,688	2,688	1,800
Share of post-acquisition results and reserves, net of dividends received	6,449	4,822	3,761
	9,137	7,510	5,561

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

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held		
		2019 %	**2018 %**	**2017 %**	**2019 %**	**2018 %**	**2017 %**
Held by Lim Kim Hai Electric Co (S) Pte Ltd							
Nylect International Pte. Ltd. [a]	Investment holding/ Singapore	30	30	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	100	100
PT Nylect Indonesia [b]	Mechanical and electrical design and installation / Indonesia	70	70	70	70	70	70
Nylect Technology Ltd Vietnam [b]	Mechanical and electrical design and installation/ Vietnam	100	100	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	100	100
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	70	70	70	70	70	70
Held by Nylect Technology Ltd Vietnam							
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	–	–*	30	–	–*	30

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

13 ASSOCIATES (cont'd)

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held		
		2019	2018	2017	2019	2018	2017
		%	%	%	%	%	%
Held by Nylect Engineering Pte Ltd							
NEPL Pte Ltd [(a)]	Mechanical and electrical design and installation/ Singapore	100	100	100	100	100	100
PT Nylect Indonesia [(b)]	Mechanical and electrical design and installation/ Indonesia	30	30	30	30	30	30
Nylect Technology (Myanmar) Ltd [(b)]	Mechanical and electrical design and installation/ Myanmar	30	30*	–	30	30*	–
Held by CAST Laboratories Pte Ltd							
Astar Laboratory Pte. Ltd. [(c)]	Provision of environmental engineering services, laboratory testing services and other related services/ Singapore	30	30	–	30	30	–

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

(b) Audited by DTL Auditing Company, a member firm of RSM International.

(c) Audited by LL Ong & Co. Public Accountants and Chartered Accountant of Singapore.

* During the financial year ended 30 June 2018, shares of Nylect Technology (Myanmar) Ltd were transferred from Nylect Technology Ltd Vietnam to Nylect Engineering Pte Ltd.

The above associates are accounted for using the equity method in these consolidated financial statements.

i. The financial year end date of Nylect International Pte. Ltd. is 31 December. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31 December 2018 and the unaudited consolidated management accounts for the intervening 6 month periods ended 30 June 2019 and 2018 have been used.

ii. On 30 April 2018, CAST Laboratories Pte Ltd acquired 30% of shares in Astar Laboratory Pte. Ltd. for a consideration of $888,000. The financial year end date of Astar Laboratory Pte. Ltd. is 30 June. For the purposes of applying the equity method of accounting, the audited financial statements for the year ended 30 June 2019 have been used.

iii. The group has significant influence over Nylect International Pte. Ltd. and Astar Laboratory Pte. Ltd. by virtue of the current board representation where the group has appointed one out of the three directors and the group has 30% voting interest.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

13 ASSOCIATES (cont'd)

Summarised financial information in respect of the group's associate is set out below. The summarised financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with SFRS(I), adjusted by the group for equity accounting purposes.

Nylect International Pte. Ltd.

	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Current assets	39,512	37,146	29,678
Non-current assets	9,093	7,300	10,825
Current liabilities	(21,224)	(20,503)	(19,798)
Non-current liabilities	–	(2,000)	(2,170)
Revenue	44,571	41,530	51,198
Profit for the year	5,358	12,096	1,138
Other comprehensive income for the year	54	110	112
Total comprehensive income for the year	5,412	12,206	1,250
Dividend received from the associate during the year	–	2,640	–

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:

	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Net assets of the associate	27,381	21,943	18,535
Proportion of the group's ownership interest in Nylect International Pte. Ltd.	30%	30%	30%
Carrying amount of the group's interest in Nylect International Pte. Ltd.	8,214	6,583	5,561

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

13 ASSOCIATES (cont'd)

Astar Laboratory Pte. Ltd.

	2019 $'000	2018 $'000
Current assets	1,130	1,339
Non-current assets	914	454
Current liabilities	(551)	(270)
Non-current liabilities	(123)	(140)
Revenue	1,879	324
Profit for the year, representing total comprehensive income for the year	2	131

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:

	2019 $'000	2018 $'000
Net assets of the associate	1,370	1,383
Proportion of the group's ownership interest in Astar Laboratory Pte. Ltd.	30%	30%
Goodwill	512	512
Carrying amount of the group's interest in Astar Laboratory Pte. Ltd.	923	927

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

14 PROPERTY, PLANT AND EQUIPMENT

Group	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
Cost:							
At 1 July 2017	2,031	2,627	27,003	8,146	33,817	3,996	77,620
Currency realignment	105	83	(74)	11	156	13	294
Additions	–	49	56	701	2,468	601	3,875
Disposals	–	–	–	(118)	(270)	(197)	(585)
Write-offs	–	–	–	(120)	(209)	–	(329)
At 30 June 2018	2,136	2,759	26,985	8,620	35,962	4,413	80,875
Currency realignment	(71)	(57)	(27)	(45)	(262)	(29)	(491)
Additions	–	3	7,479	1,496	1,841	926	11,745
Disposals	–	–	–	(64)	(59)	(288)	(411)
Write-offs	–	–	–	(116)	(94)	–	(210)
At 30 June 2019	2,065	2,705	34,437	9,891	37,388	5,022	91,508
Accumulated depreciation:							
At 1 July 2017	–	434	13,172	4,865	21,721	2,136	42,328
Currency realignment	–	22	(9)	12	55	2	82
Depreciation	–	74	512	1,347	2,451	636	5,020
Disposals	–	–	–	(49)	(204)	(167)	(420)
Write-offs	–	–	–	(112)	(184)	–	(296)
At 30 June 2018	–	530	13,675	6,063	23,839	2,607	46,714
Currency realignment	–	(16)	(6)	(30)	(140)	(14)	(206)
Depreciation	–	77	759	1,184	2,511	701	5,232
Disposals	–	–	–	(63)	(37)	(271)	(371)
Write-offs	–	–	–	(96)	(94)	–	(190)
At 30 June 2019	–	591	14,428	7,058	26,079	3,023	51,179
Carrying amount:							
At 30 June 2019	2,065	2,114	20,009	2,833	11,309	1,999	40,329
At 30 June 2018	2,136	2,229	13,310	2,557	12,123	1,806	34,161
At 1 July 2017	2,031	2,193	13,831	3,281	12,096	1,860	35,292

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold land and buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Cost:					
At 1 July 2017	7,568	1,303	17,987	1,871	28,729
Additions	56	271	454	–	781
Disposals	–	–	(138)	–	(138)
Write-offs	–	(38)	(28)	–	(66)
At 30 June 2018	7,624	1,536	18,275	1,871	29,306
Additions	7,479	870	519	165	9,033
Disposals	–	–	–	(216)	(216)
At 30 June 2019	15,103	2,406	18,794	1,820	38,123
Accumulated depreciation:					
At 1 July 2017	7,055	905	12,362	1,081	21,403
Depreciation	36	200	883	262	1,381
Disposals	–	–	(120)	–	(120)
Write-offs	–	(36)	(20)	–	(56)
At 30 June 2018	7,091	1,069	13,105	1,343	22,608
Depreciation	284	207	887	210	1,588
Disposals	–	–	–	(216)	(216)
At 30 June 2019	7,375	1,276	13,992	1,337	23,980
Carrying amount:					
At 30 June 2019	7,728	1,130	4,802	483	14,143
At 30 June 2018	533	467	5,170	528	6,698
At 1 July 2017	513	398	5,625	790	7,326

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

14 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
9 Gul Lane Singapore 629408	Leasehold (18 years 30 days from 01 December 2018)	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 2019 is $292,000 (30 June 2018 : $Nil, 1 July 2017 : $217,000).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

15 INVESTMENT PROPERTY

	Group $'000
Cost:	
At 1 July 2017	3,090
Currency realignment	161
At 30 June 2018	3,251
Currency realignment	(109)
At 30 June 2019	3,142
Accumulated depreciation:	
At 1 July 2017	38
Depreciation	51
Currency realignment	3
At 30 June 2018	92
Depreciation	51
Currency realignment	(4)
At 30 June 2019	139
Carrying amount:	
At 30 June 2019	3,003
At 30 June 2018	3,159
At 1 July 2017	3,052

The investment property of the group as at 30 June 2019 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 $171,000 (2018 : $186,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $10,000 (2018 : $11,000).

The fair value of the investment property as at 30 June 2019 amounted to $3,420,000 (30 June 2018 : $3,538,000, 1 July 2017 : $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 2019

16 LEASEHOLD PREPAYMENTS

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Leasehold prepayments	130	134	140
Less: Current portion included as prepayment (Note 8)	(3)	(4)	(4)
Currency alignment	(3)	–	–
	124	130	136

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.

17 INTANGIBLE ASSETS

Group	**Customer relationships**	**Proprietary application software**	**Total**
	$'000	**$'000**	**$'000**
Cost:			
At 1 July 2017 and 30 June 2018 and 2019	2,114	219	2,333
Accumulated amortisation:			
At 1 July 2017	1,259	219	1,478
Amortisation	232	–	232
At 30 June 2018	1,491	219	1,710
Amortisation	232	–	232
At 30 June 2019	1,723	219	1,942
Carrying amount:			
At 30 June 2019	391	–	391
At 30 June 2018	623	–	623
At 1 July 2017	855	–	855

The amortisation expenses of the customer relationships and proprietary application software have been included in the line items 'selling and distribution expenses' and 'cost of sales' respectively in the consolidated statement of profit or loss and other comprehensive income. The average remaining amortisation period for the intangible assets is 2 years (30 June 2018 : 3 years, 1 July 2017 : 4 years).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

18 DEFERRED TAX ASSETS (LIABILITIES)

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets	106	62	76	–	–	–
Deferred tax liabilities	(1,587)	(2,079)	(1,649)	(660)	(717)	(410)

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

Group	Provisions	Unutilised capital allowances	Total
	$'000	$'000	$'000
At 1 July 2017	52	24	76
Credit (Charge) to profit or loss	2	(16)	(14)
Currency realignment	4	(4)	–
At 30 June 2018	58	4	62
Adoption of SFRS(I) 9	31	–	31
At 1 July 2018, as restated	89	4	93
Credit to profit or loss	10	4	14
Currency realignment	(1)	–	(1)
At 30 June 2019	98	8	106

Deferred tax liabilities

Group	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
At 1 July 2017	(1,543)	(106)	(1,649)
(Charge) Credit to profit or loss	(440)	26	(414)
Currency realignment	(16)	–	(16)
At 30 June 2018	(1,999)	(80)	(2,079)
Adoption of SFRS(I) 9	219	–	219
At 1 July 2018, as restated	(1,780)	(80)	(1,860)
Credit to profit or loss	239	27	266
Currency realignment	7	–	7
At 30 June 2019	(1,534)	(53)	(1,587)

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 $65.28 million (30 June 2018 : $60.93 million, 1 July 2017 : $56.14 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.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

18 DEFERRED TAX ASSETS (LIABILITIES) (cont'd)

Deferred tax liabilities (cont'd)

Company	Accelerated tax depreciation $'000
At 1 July 2017	(410)
Charge to profit or loss	(307)
At 30 June 2018	(717)
Effect of adoption of SFRS(I) 9	46
At 1 July 2018, as restated	(671)
Credit to profit or loss	11
At 30 June 2019	(660)

19 SHORT-TERM BANK BORROWINGS

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Bank loan - secured	4,843	3,713	1,340	–	–	–
Trust receipts and bills payable to banks	20,768	16,040	8,654	10,494	4,641	–
	25,611	19,753	9,994	10,494	4,641	–

The group's short-term bank borrowings are secured by the following:

i) negative pledge over all assets of a subsidiary; and

ii) corporate guarantee of up to RM65.20 million ($21.29 million) [30 June 2018 : RM62.20 million ($21.02 million), 1 July 2017 : RM62.20 million ($19.98 million)], US$8.80 million ($11.91 million) [30 June 2018 : US$10.0 million ($13.63 million), 1 July 2017 : US$10.0 million ($13.79 million)] and $24.32 million (30 June 2018 and 1 July 2017 : $24.32 million) by the company (Note 34).

The short-term bank borrowings bear fixed interest rates ranging from 2.10% to 3.70% (30 June 2018 : 2.47% to 3.73%, 1 July 2017 : 1.50% to 3.53%) and 2.73% (30 June 2018 : 2.47%, 1 July 2017 : Nil%) for the group and company respectively per annum and are due within 12 months.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

19 SHORT-TERM BANK BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 July 2018	Financing cash flow	New finance leases	Foreign exchange movement	30 June 2019
	$'000	$'000	$'000	$'000	$'000
Short-term bank borrowings (Note 19)	19,753	6,195	–	(337)	25,611
Finance leases (Note 23)	–	(89)	342	(4)	249
	19,753	6,106	342	(341)	25,860

			Non-cash changes		
	1 July 2017	Financing cash flow	Fair value adjustments (Notes 10 and 28)	Foreign exchange movement	30 June 2018
	$'000	$'000	$'000	$'000	$'000
Short-term bank borrowings (Note 19)	9,994	9,291	–	468	19,753
Finance leases (Note 23)	136	(138)	–	2	–
Derivative financial instrument (Note 10)	72	–	(72)	–	–
	10,202	9,153	(72)	470	19,753

20 TRADE PAYABLES

	Group			Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Outside parties	22,083	28,542	23,322	6,314	12,464	8,250
Related parties (Note 5)	4	185	182	–	1	–
Subsidiaries (Note 12)	–	–	–	3,336	3,887	1,665
Associates (Note 13)	136	–	–	–	–	–
	22,223	28,727	23,504	9,650	16,352	9,915

The average credit period on purchases of goods is 90 days (30 June 2018 and 1 July 2017 : 90 days).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

21 OTHER PAYABLES

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Accruals [1]	5,393	5,650	6,021	1,259	1,616	1,900
Provision for directors' fees	200	196	311	63	62	70
Related party (Note 5)	–	3	56	–	–	–
Dividend payable to non-controlling interest	150	–	–	–	–	–
Sundry payables	1,137	1,159	808	389	390	185
Subsidiary (Note 12)	–	–	–	390	390	400
Total	6,880	7,008	7,196	2,101	2,458	2,555
Less: Non-current other payables	(115)	(88)	(69)	–	–	–
Current other payables	6,765	6,920	7,127	2,101	2,458	2,555

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

22 CONTRACT LIABILITIES

	Group		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Amounts received in advance of delivery [i]	1,171	1,647	960
Amounts related to test and inspections contracts[ii]	65	84	–*
	1,236	1,731	960

* Amount less than $1,000.

(i) Revenue is recognised when control of the goods has been transferred to the customer. A contract liability is recognised at the time of the initial payment by the customer and derecognised upon the delivery of goods to customers.

(ii) Contract liabilities relating to test and inspections contracts are recognised when advance billing is made to customer for ongoing contracts. A contract liability is recognised until the services have been provided to the customer.

There were no significant changes in the contract liability balances during the reporting period.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

23 OBLIGATION UNDER FINANCE LEASES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Amounts payable under finance leases:						
Within one year	113	–	49	106	–	42
In the second to fifth year inclusive	147	–	102	143	–	94
	260	–	151	249	–	136
Less: Future finance charges	(11)	–	(15)	N/A	N/A	N/A
Present value of leases	249	–	136	249	–	136
Less: Amount due for settlement within 12 months (shown under current liabilities)				(113)	–	(49)
Amount due for settlement after 12 months				136	–	87

The group entered into finance leasing arrangements for certain of its motor vehicles, office equipment, plant and machinery.

The rates of interest for the finance leases were 2.58% to 13.10% (30 June 2018 : Nil%, 1 July 2017 : 3.50% to 13.21%) for the group per annum.

24 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	$'000
Issued and paid up capital:		
At 1 July 2017 and 30 June 2018	438,242,791	56,288
Issue of share capital pursuant to Scrip Dividend Scheme (Note 33)	7,841,974	2,353
At 30 June 2019	446,084,765	58,641

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

25 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	$'000
At 1 July 2017 and 30 June 2018 and 2019	2,727,000	950

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

26 RESERVES

Other reserves

Other reserves include share of post-acquisition reserve of associates and reserves arising from the acquisition of additional interests in subsidiaries.

In accordance with the relevant laws and regulations in People's Republic of China, the associate of the group is required to appropriate a minimum of 10% of the net profit after taxation after deducting losses carried forward reported in the statutory accounts to the statutory reserve until the balance of such reserve reached 50% of its registered share capital.

The amount to be set aside is determined by the Board of Directors annually in accordance with the relevant regulations. This reserve cannot be used for purposes other than those for which it is created and is not distributed as cash dividends but it can be used to offset losses or be capitalised as capital.

27 REVENUE

The group derives its revenue from the transfer of goods and services over time and at a point in time in the following major operating segments. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 37).

	Group	
	2019	**2018**
	$'000	**$'000**
At a point in time		
Cable and wire distribution	219,369	210,640
Electrical material distribution	80,887	82,958
Test and inspections	11,960	9,437
Switchboard	4,883	5,150
Over time		
Test and inspections	18,607	16,357
	335,706	324,542

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period. As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of 30 June 2018 is not disclosed, using the transition provisions of SFRS(I) 15.

	Group
	2019
	$'000
Test and inspections contracts	22,965

Management expects that 39% of the transaction price allocated to the unsatisfied contracts as of 30 June 2019 will be recognised as revenue during the next reporting period amounting to $9,005,000. Of the remaining 61%, $12,241,000 will be recognised between financial years 2021 to 2024 and $1,719,000 in the financial year 2025 onwards.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

28 OTHER OPERATING INCOME

	Group	
	2019	**2018**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	92	54
Gain on foreign currency exchange	139	–
Interest income from deposits	21	57
Management fee (Note 5)	12	–
Rental of investment property (Note 15)	171	186
Scrap sales	949	732
Fair value adjustment on derivative financial instruments taken to profit or loss	437	369
Government grants	309	408
Others	432	282
	2,562	2,088

29 FINANCE COSTS

	Group	
	2019	**2018**
	$'000	**$'000**
Interest expense	1,005	552

30 INCOME TAX EXPENSE

	Group	
	2019	**2018**
	$'000	**$'000**
Income tax		
Current	2,520	2,051
(Over) Under provision in prior years	(276)	172
	2,244	2,223
Deferred income tax		
Current	(139)	333
(Over) Under provision in prior years	(141)	93
	(280)	426
Withholding tax	1	2
Total income tax expense	1,965	2,651

Domestic income tax is calculated at 17% (2018 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

30 INCOME TAX EXPENSE (cont'd)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2019 $'000	2018 $'000
Profit before income tax	13,947	18,223
Income tax expense at domestic rate of 17% (2018 : 17%)	2,371	3,098
Non-deductible (Tax exempt) items	98	(276)
Deferred tax benefits not recognised	(5)	–
(Over) Under provision of taxation in prior years	(417)	265
Tax rebates	(104)	(154)
Effect of different tax rates of subsidiaries operating in other jurisdictions	90	98
Utilisation of deferred tax benefits previously not recognised	–	(79)
Withholding tax	1	2
Productivity and Innovation Credit enhanced deduction	–	(180)
Others	(69)	(123)
	1,965	2,651

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

	Group	
	2019 $'000	2018 $'000
Unutilised capital allowance		
Balance at beginning of year	2,989	2,928
Movement during the year	1,351	61
Balance at end of year	4,340	2,989
Tax loss carry forwards		
Balance at beginning of year	3,421	3,404
Adjustment	–	(3)
Arising during the year	–	20
Balance at end of year	3,421	3,421
Total	7,761	6,410
Deferred tax benefits on above:		
Unrecorded	1,319	1,090

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 2019

31 PROFIT FOR THE YEAR

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

	Group	
	2019	2018
	$'000	$'000
Directors' remuneration:		
- of the company	1,034	1,111
- of the subsidiaries	2,320	2,357
Total directors' remuneration	3,354	3,468
Directors' fee	399	399
Audit fees:		
- Auditors of the company	245	246
- Other auditors	35	33
Non-audit fees:		
- Auditors of the company	60	60
- Other auditors	4	11
Cost of inventories recognised as expense	263,425	251,795
Foreign currency exchange adjustment (gain) loss	(139)	1,114
Property, plant and equipment written off	20	33
Inventories written off	236	233
Allowance for inventories obsolescence	3	76
Bad debts written off	24	-
Loss allowance for trade receivables	1,731	745
Amortisation of leasehold prepayments	3	6
Depreciation expense	5,283	5,071
Amortisation expense	232	232
Gain on disposal of property, plant and equipment	92	54
Employee benefits expense (including directors' remuneration)	42,234	44,911
Cost of defined contribution plans included in employee benefits expense	2,946	3,031

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

32 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	
	2019	2018
	$'000	$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	11,749	15,456

Number of shares

	Group	
	2019	2018
Number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	443,357,765	435,515,791

33 DIVIDENDS

During the financial year ended 30 June 2019, the company declared and paid dividends totalling $9.800 million. Details were as follows:

(a) Final tax-exempt dividend of 1.50 cent per ordinary share in respect of the financial year ended 30 June 2018 totalling $6.533 million; and

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2019 totaling $3.267 million. $0.914 million of the dividend was paid via cash and the remaining $2.353 million was paid via the issue of scrip dividend (Note 24).

During the financial year ended 30 June 2018, the company declared and paid dividends totalling $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 2017 totalling $6.968 million; and

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2018 totaling $3.267 million.

During the financial year ended 30 June 2017, the company declared and paid dividends totalling $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; and

(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.

Subsequent to 30 June 2019, the directors of the company recommended that a final tax-exempt dividend be paid at 1.50 cent per ordinary share totalling $6.650 million for the financial year ended 30 June 2019. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

34 CONTINGENT LIABILITIES

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Corporate guarantee in relation to credit facilities granted to subsidiaries (Note 19)	–	–	–	57,522	58,973	58,089

35 COMMITMENTS

	Group			Company		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	63,858	65,971	47,034	63,858	65,971	47,034

36 OPERATING LEASE COMMITMENTS

The group as lessee

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Minimum lease payments under operating leases recognised as an expense in the year	2,408	2,000	433	392

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		
	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Future minimum lease payments payable:						
- Within one year	1,482	1,302	1,432	477	373	380
- In the second to fifth year inclusive	3,988	3,401	3,518	1,879	1,462	1,497
- After five years	10,657	7,683	7,989	4,225	3,250	3,751
	16,127	12,386	12,939	6,581	5,085	5,628

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

36 OPERATING LEASE COMMITMENTS (cont'd)

The group as lessee (cont'd)

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.

The group as lessor

The group rents out its investment property under operating leases. Rental income earned during the year was $171,000 (2018 : $186,000).

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

	Group		
	30 June 2019	**30 June 2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Future minimum lease receivables:			
- Within one year	179	182	58
- In the second to fifth year inclusive	140	76	–
	319	258	58

37 SEGMENT INFORMATION

The group has the following five strategic units, which are its reportable segments. These units offer different products and services, and are managed separately because they sell different products or services and have their own marketing strategies. The group's CEO (the chief operating decision maker) reviews internal management reports of each unit at least quarterly. The following summary describes the operations in each of the group's reportable segments:

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

Accordingly, the above are the group's reportable segments under SFRS(I) 8. No operating segments have been aggregated to form the above reportable operating segments. Information regarding the group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the group's chief operating decision maker on a similar basis.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

37 SEGMENT INFORMATION (cont'd)

	Cable & wire $'000	Electrical material distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Elimination $'000	Total $'000
Segment revenue and results							
2019							
REVENUE							
External sales	219,369	80,887	30,567	4,883	–	–	335,706
Inter-segment sales	832	30	5	–	–	(867)	–
Total revenue	220,201	80,917	30,572	4,883	–	(867)	335,706
RESULT							
Segment result	6,846	3,623	2,553	330	(29)	–	13,323
Interest expense	(863)	–	(142)	–	–	–	(1,005)
Interest income	19	1	1	–	–	–	21
Share of profit of associates	–	1,607	1	–	–	–	1,608
Income tax expense							(1,965)
Non-controlling interests							(233)
Profit attributable to shareholders of the company							11,749
2018							
REVENUE							
External sales	210,640	82,958	25,794	5,150	–	–	324,542
Inter-segment sales	1,076	358	1	–	–	(1,435)	–
Total revenue	211,716	83,316	25,795	5,150	–	(1,435)	324,542
RESULT							
Segment result	10,868	2,858	1,093	257	(26)	–	15,050
Interest expense	(501)	(2)	(49)	–	–	–	(552)
Interest income	54	1	2	–	–	–	57
Share of profit of associates	–	3,629	39	–	–	–	3,668
Income tax expense							(2,651)
Non-controlling interests							(116)
Profit attributable to shareholders of the company							15,456

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

37 SEGMENT INFORMATION (cont'd)

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $867,000 (2018 : $1,435,000) during the year.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of income tax expense and non-controlling interests. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

SEGMENT ASSETS

	Cable & wire	Electrical material distribution	Test & inspection	Switch-board	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets						
2019						
Segment assets	147,732	45,090	30,166	3,204	167	226,359
Interest in associates	–	8,214	923	–	–	9,137
Unallocated segment assets	1,018	–	71	–	–	1,089
Consolidated total assets						236,585
2018						
Segment assets	155,672	40,923	27,368	3,116	166	227,245
Interest in associates	–	6,583	927	–	–	7,510
Unallocated segment assets	632	–	55	–	–	687
Consolidated total assets						235,442
2017						
Segment assets	138,794	40,604	26,278	2,664	168	208,508
Interest in an associate	–	5,561	–	–	–	5,561
Unallocated segment assets	179	–	64	–	–	243
Consolidated total assets						214,312

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

37 SEGMENT INFORMATION (cont'd)

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	Electrical material distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Total $'000
Other segment information						
2019						
Additions to non-current assets	9,213	380	2,097	55	–	11,745
Depreciation and amortisation	2,376	829	2,293	17	–	5,515
Non-cash expenses (income) other than depreciation and amortisation	616	479	272	(21)	1	1,347
2018						
Additions to non-current assets	1,718	219	1,938	–	–	3,875
Depreciation and amortisation	2,176	978	2,128	21	–	5,303
Non-cash expenses (income) other than depreciation and amortisation	1,349	350	(4)	76	4	1,775
2017						
Additions to non-current assets	6,176	459	2,387	–	–	9,022

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

37 SEGMENT INFORMATION (cont'd)

Geographical information

The group operates in five (2018 and 2017 : five) principal geographical areas - Singapore, Malaysia, Vietnam, Brunei and Indonesia (2018 and 2017 : Singapore, Malaysia, Vietnam, Brunei and Indonesia).

The group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates and deferred tax assets) by geographical location are detailed below:

	Revenue	Non-current Assets
	$'000	$'000
2019		
Singapore	245,330	32,974
Malaysia	37,395	8,078
Vietnam	33,407	1,930
Brunei	8,922	–
Indonesia	6,806	976
Others	3,846	–
	335,706	43,958
2018		
Singapore	251,390	26,485
Malaysia	37,156	8,796
Vietnam	20,564	2,191
Brunei	5,858	–
Indonesia	5,439	1,095
Others	4,135	–
	324,542	38,567
2017		
Singapore		26,829
Malaysia		9,304
Vietnam		2,393
Brunei		–
Indonesia		1,196
Others		–
		39,722

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The group and the company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 30 June 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As a first-time adopter of SFRS(I), the group and the company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (30 June 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 30 June 2019, an additional opening statement of financial position as at date of transition (1 July 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 July 2017) and as at end of last financial period under FRS (30 June 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 30 June 2018). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the group's and the company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than the election of certain transition options available under SFRS(I) 1.

The group has elected to apply the short-term exemption under SFRS(I) 1.E1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of Financial Reporting Standards in Singapore ("FRS") 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018. At the same time, the group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

Management has elected the following transition exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before 1 July 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.

- Option to reset the cumulative foreign currency translation reserve to zero at the date of transition, resulting in the cumulative translation reserve arising from translation differences for all foreign operations to be reclassified to accumulated profits at 1 July 2017.

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of 30 June 2018 is not disclosed using the transition provisions of SFRS(I) 15.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) are presented and explained below.

(A) Impact on the Consolidated Statement of Financial Position as at 1 July 2017 (date of transition to SFRS(I))

	As previously reported under FRS $'000	Application of SFRS(I) 1 $'000	Note	Initial application of SFRS(I) 15 $'000	Note	As adjusted under SFRS(I) $'000
Group						
Current assets						
Trade receivables	80,795	–		(2,296)	(b)	78,499
Contract assets	–	–		2,296	(b)	2,296
Current liabilities						
Other payables	8,087	–		(960)	(b)	7,127
Contract liabilities	–	–		960	(b)	960
Capital, reserves and non-controlling interests						
Reserves						
Foreign currency translation reserve	(3,529)	3,529	(a)	–		–
Accumulated profits	116,660	(3,529)	(a)	–		113,131
Company						
Current liabilities						
Other payables	2,557	–		(2)	(b)	2,555
Contract liabilities	–	–		2	(b)	2

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

(B) Impact on the Consolidated Statement of Financial Position as at 30 June 2018 (end of last period reported under FRS)

Group	As previously reported under FRS $'000	Application of SFRS(I) 1 $'000	Note	Initial application of SFRS(I) 15 $'000	Note	As adjusted under SFRS(I) $'000	Initial application of SFRS(I) 9 $'000	Note	As adjusted on 1 July 2018 $'000
Current assets									
Trade receivables	96,769	–		(3,184)	(b)	93,585	(1,242)	(c)	92,343
Contract assets	–	–		3,159	(b)	3,159	–		3,159
Non-current assets									
Contract assets	–	–		25	(b)	25	–		25
Associates	7,510	–		–		7,510	(5)	(c)	7,505
Deferred tax assets	62	–		–		62	31	(c)	93
Current liabilities									
Other payables	8,651	–		(1,731)	(b)	6,920	–		6,920
Contract liabilities	–	–		1,731	(b)	1,731	–		1,731
Non-current liabilities									
Deferred tax liabilities	2,079	–		–		2,079	(219)	(c)	1,860
Capital, reserves and non-controlling interests									
Reserves									
Foreign currency translation reserve	(2,818)	3,529	(a)	–		711	9	(c)	720
Accumulated profits	121,881	(3,529)	(a)	–		118,352	(994)	(c)	117,358
Non-controlling interests	1,183	–		–		1,183	(12)	(c)	1,171

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

38 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

(B) Impact on the Consolidated Statement of Financial Position as at 30 June 2018 (end of last period reported under FRS) (cont'd)

Company	As previously reported under FRS	Initial application of SFRS(I) 15	Note	As adjusted under SFRS(I)	Initial application of SFRS(I) 9	Note	As adjusted on 1 July 2018
	$'000	$'000		$'000	$'000		$'000
Current assets							
Trade receivables	52,741	–		52,741	(271)	(c)	52,470
Current liabilities							
Other payables	2,464	(6)	(b)	2,458	–		2,458
Contract liabilities	–	6	(b)	6	–		6
Non-current liabilities							
Deferred tax liabilities	717	–		717	(46)	(c)	671
Capital, reserves and non-controlling interests							
Reserves							
Accumulated profits	79,602	–		79,602	(225)	(c)	79,377

SFRS(I) 1

(a) Management has elected the option to reset the cumulative foreign currency transaction reserve to zero at the date of transition, resulting in the cumulative transaction reserve arising from translation differences for all foreign operations to be reclassified to accumulated profits at 1 July 2017.

SFRS(I) 15

(b) The application of SFRS(I) 15 has resulted in the presentation of the group's and the company's contract assets and/or contract liabilities for the year ended 30 June 2018 and opening balance at 1 July 2017.

SFRS(I) 9

(c) The application of SFRS(I) 9 impairment requirements have resulted in additional loss allowance and corresponding deferred tax to be recognised.

The transition to SFRS(I) and the initial application of SFRS(I) 9 and 15 have not had a material impact on the Consolidated Statement of Cash Flows and Consolidated Statement of Profit and Loss and Other Comprehensive Income.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

39 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the group and the company in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases.*

- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments.*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

Management anticipates that the adoption of the above SFRS(I), SFRS(I) INT and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except for the following:

SFRS(I) 16 *Leases*

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 exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases the group enters into. Under SFRS(I) 16, the group may be required to recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

As at 30 June 2019, the group and the company have non-cancellable operating lease commitments as disclosed in Note 36. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the group and the company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the group's and the company's financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2019

39 STANDARDS ISSUED BUT NOT EFFECTIVE (cont'd)

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group;
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used;
- proposed to be used, by an entity in its income tax filings;
- if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; and
- if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Management anticipates that initial application of the new SFRS(I) 23 may result in changes to the accounting policies relating to income taxes.

ANALYSIS OF SHAREHOLDINGS

As at 20 September 2019

ISSUED AND FULLY PAID-UP CAPITAL (INCLUDING TREASURY SHARES)	:	$57,690,766
ISSUED AND FULLY PAID-UP CAPITAL (EXCLUDING TREASURY SHARES)	:	$58,640,964
NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	443,357,765
NUMBER/PERCENTAGE OF TREASURY SHARES AND SUBSIDIARY HOLDINGS	:	2,727,000 (0.62%)
CLASS OF SHARES	:	ORDINARY SHARES FULLY PAID
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 20 SEPTEMBER 2019

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	62	1.76	1,906	0.00
100 - 1,000	263	7.48	183,917	0.04
1,001 - 10,000	1,279	36.38	8,166,352	1.84
10,001 - 1,000,000	1,872	53.24	112,457,793	25.37
1,000,001 and above	40	1.14	322,547,797	72.75
Total:	3,516	100.00	443,357,765	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 20 SEPTEMBER 2019

No.	Name of shareholders	No. of shares	%
1	LIM BOON HOCK BERNARD	60,418,325	13.63
2	LIM BOON CHIN BENJAMIN (LIN WENJIN BENJAMIN)	39,814,148	8.98
3	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	36,677,366	8.27
4	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	23,515,167	5.30
5	LIM CHAI LAI	16,802,731	3.79
6	LIM LIAN HIONG	14,605,360	3.29
7	LIM HIANG LAN	11,756,227	2.65
8	LIM PHEK CHOO CONSTANCE	11,601,320	2.62
9	LIM LIAN ENG	8,876,048	2.00
10	CHAN KUM LIN CAROLYN	8,801,401	1.98
11	CHEN LAWRENCE LI	7,090,001	1.60
12	DBS NOMINEES PTE LTD	6,940,947	1.57
13	GERALDINE CHENG HUA YONG	6,835,179	1.54
14	AU AH YIAN	6,293,499	1.42
15	CHIA AH HENG	6,000,000	1.35
16	YEN TSUNG HUA	5,122,140	1.15
17	CITIBANK NOMINEES SINGAPORE PTE LTD	4,505,340	1.02
18	PHILLIP SECURITIES PTE LTD	3,804,284	0.86
19	KHALID S/O FAIZ MOHAMED	3,574,301	0.81
20	GERALD CHENG KAI YONG (ZHONG KAIYANG)	3,231,611	0.73
		286,265,395	64.56

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 41.01% 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 2019

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 20 SEPTEMBER 2019 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares	
Name	Shareholdings registered in the name of Substantial Shareholders	Shareholdings in which Substantial Shareholders are deemed to have an interest
Mr. Lim Boon Hock Bernard (1)	60,418,325	2,470,186
Mdm. Pang Yoke Chun (2)	2,470,186	60,418,325
Mr. Lim Chye Huat @ Bobby Lim Chye Huat	36,677,366	NIL
Mr. Lim Boon Chin Benjamin	39,814,148	NIL
Mr. Lim Chai Lai @ Louis Lim Chai Lai (3)	16,802,731	8,801,401
Mdm. Chan Kum Lin (4)	8,801,401	16,802,731
Mr. Lim Boon Hoh Benedict	23,515,167	NIL

Notes:-

(1) Mr. Lim Boon Hock Bernard is deemed to have an interest in the 2,470,186 shares held by his wife, Mdm. Pang Yoke Chun.

(2) Mdm. Pang Yoke Chun is deemed to have an interest in the 60,418,325 shares held by her husband, Mr. Lim Boon Hock Bernard.

(3) Mr. Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 8,801,401 shares held by his wife, Mdm. Chan Kum Lin.

(4) Mdm. Chan Kum Lin is deemed to have an interest in the 16,802,731 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 Raffles Marina, Theatrette, Level 2, 10 Tuas West Dr, Singapore 638404 on Tuesday, 29 October 2019 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 2019 together with the Auditors' Report thereon.

2. To declare a final one-tier tax exempt dividend of $0.015 per ordinary share for the year ended 30 June 2019.

3. To approve the payment of up to $253,000 as Directors' fees for the year ending 30 June 2020. (2019 : $262,000)

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

   (a) Mr. Lim Boon Hock Bernard;

   (b) Mr. Soon Boon Siong; and

   (c) 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

   (iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING

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

7. **Authority to issue new shares pursuant to Scrip Dividend Scheme**

"That the Directors of the Company be and are hereby authorised for the purposes of, in connection with or where contemplated by the Tai Sin Electric Limited Scrip Dividend Scheme to:-

(i) allot and issue from time to time shares in the capital of the Company ("Shares") and/or make or grant offers, agreements or options that might or would require Shares in the capital of the Company to be issued during the continuance of this authority or thereafter, at any time and upon such terms and conditions and to or with such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

(ii) issue Shares in the capital of the Company in pursuance of any offer, agreement, or option made or granted by the Directors of the Company while such authority was in force (notwithstanding that such issues of such Shares pursuant to the offer, agreement or option may occur after the expiration of the authority contained in this Resolution)."

8. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 14 October 2019

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 2020 ("FY 2020").

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 2020 in respect of the period then ended. If, for unforeseen reasons, payments are required to be made to Directors in excess of the amount proposed in item 3, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

(2) Mr. Lim Boon Hock Bernard, the Chief Executive Officer is not required under the Constitution of the Company to retire as director at the Annual General Meeting. He has nevertheless voluntarily submitted himself for re-election as director under item 4(a) above, to comply with Rule 720(5) of the Listing Manual.

(3) Mr. Soon Boon Siong who retires by rotation under Article 91 of the Constitution of the Company, is considered by the Board of Directors as an independent director, and if re-elected under item 4(b) above, will remain as Chairman of the Audit and Risk Committee and a member of the Nominating Committee and the Remuneration Committee.

(4) Mr. Lee Fang Wen who retires by rotation under Article 91 of the Constitution of the Company, is considered by the Board of Directors as an independent director, and if re-elected under item 4(c) above, will remain as Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nominating Committee.

(5) 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.

(6) 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Boon Hock Bernard	Mr. Soon Boon Siong	Mr. Lee Fang Wen
Date of appointment	2 September 1997	7 November 2012	1 July 2015
Date of last re-appointment (if applicable)	25 October 2011	30 October 2017	30 October 2017
Age	49	70	58
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee, the qualification, experience, expertise, knowledge and skills, performance and contribution of Mr. Lim Boon Hock Bernard for re-election as Executive Director of the Company. The Board has reviewed and concluded that Mr. Lim Boon Hock Bernard is qualified and suitable for re-election as Executive Director of the Company.	The Board has considered, among others, the recommendation of the Nominating Committee and the performance and contribution of Mr. Soon Boon Siong during his tenure in office. His extensive experience in corporate finance and as financial adviser enhances the Board's collective skills and experience as a whole. The Board after review has concluded that Mr. Soon Boon Siong is qualified and suitable for re-election as Independent Director of the Company.	The Board has considered, among others, the recommendation of the Nominating Committee and the performance and contribution of Mr. Lee Fang Wen during his tenure in office. His engineering background with experience of setting up businesses and spearheading business development, complements and enhances the Board's collective skills and experience as a whole. The Board after review has concluded that Mr. Lee Fang Wen is qualified and suitable for re-election as Independent Director of the Company.
Whether appointment is executive, and if so, area of responsibility	Executive. Full responsibilities as Chief Executive Officer	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.):	Chief Executive Officer / Executive Director	Lead Independent Director	Independent Director
Professional Qualifications	Refer to section on Board of Directors of this annual report for details		
Working experience and occupation(s) during the past 10 years:	• Chief Operating Officer of Tai Sin from June 2003 • Chief Executive Officer of Tai Sin from July 2013	• Managing Director - Corporate Finance of Crowe Horwath Capital Pte Ltd (previously known as Partners Capital (Singapore) Pte Ltd)	• Executive Director - Creative Master Bermuda Limited (April 2013 - December 2014) • Business Development Director - MFS Technology (S) Pte Ltd (January 2007 - December 2009)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Boon Hock Bernard	Mr. Soon Boon Siong	Mr. Lee Fang Wen
Shareholding / Interest / Share Options in the listed issuer and its subsidiaries:	• Direct interest in 60,418,325 Tai Sin shares • Deemed interest in 2,470,186 Tai Sin shares	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries:	• Mdm. Pang Yoke Chun - Wife • Mr. Lim Chye Huat @ Bobby Lim Chye Huat - Father • Mr. Lim Chai Lai @ Louis Lim Chai Lai - Uncle • Mdm. Chan Kum Lin - Aunt • Mr. Lim Boon Chin Benjamin - Brother • Mr. Lim Boon Hoh Benedict - Brother	None	None
Conflict of interest (including any competing business):	None	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule704(7))	Yes	Yes	Yes
Other principal commitments including Directorships - Past (for the last five years)	Nil	• Dynamic Colours Limited	• Creative Master Bermuda Limited • Asiatic Group (Holdings) Limited
Other principal commitments including Directorships - Present	• Tai Sin Electric Cables (Malaysia) Sdn Bhd • Tai Sin (Vietnam) Pte Ltd • Tai Sin Electric International Pte Ltd • Lim Kim Hai Electric (VN) Co Ltd • Lim Kim Hai Electric Co (S) Pte Ltd • LKH Precicon Pte Ltd • CAST Laboratories Pte Ltd • PKS Sdn Bhd	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Boon Hock Bernard	Mr. Soon Boon Siong	Mr. Lee Fang Wen
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Boon Hock Bernard	Mr. Soon Boon Siong	Mr. Lee Fang Wen
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Boon Hock Bernard	Mr. Soon Boon Siong	Mr. Lee Fang Wen
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Lim Boon Hock Bernard	Mr. Soon Boon Siong	Mr. Lee Fang Wen
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

TAI SIN ELECTRIC LIMITED

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

PROXY FORM

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 14 October 2019.

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 29 October 2019 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 2020		
4.	(a) Re-election of Mr. Lim Boon Hock Bernard as a Director		
	(b) 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 ____________________ 2019.

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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Website: www.taisinelectric.com

SINGAPORE

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MALAYSIA

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Branch Office 2 – Pengerang
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Taman Rengit Sentral
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Johor, Malaysia

Branch Office – Melaka
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Pulau Melaka
75000 Melaka
Tel: 06-2694028

VIETNAM

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Email: sales@taisin.com.vn
Website: www.taisin.com.vn

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