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: Big Smooth



ANNUAL REPORT 2023

GLOBAL BRANDS OUR STRENGTH

BMW

BERU

BANNER

AISIN

LUK INA FAG

JKC

MANN FILTER VDO

KONGSBERG

HENGST

IWIS

MRK

NISSHINBO

GK

TOKICO

WAHLER

WIX

TEXTAR

JFBK

TBK

BILSTEIN

VALEO

BOSCH

VICTOR REINZ

NISSAN

BEHR

NWB

DAIDO

STABILUS

WOLF

ELRING

FIAMM

MERCEDES BENZ

ULO

GARRETT

555

BORGWARNER

TOYOTA

DBEST

SANGSIN

GMB

IZUMI

MATSUBA

OPTIBELT

VW

MAHLE

ATE

MITSUBISHI

MAZDA

DANA

CHAMPION

SEIKEN

EXEDY

DELPHI

GEMO

AUDI

CONTITECH

KIA

SWAG

FEBI

BREMBO

HELLA

WABCO

NOZUMI

HITACHI

AMK

NILES

SANKEI

ISUZU

LEMFORDER SACHS ZF

FBL

TOYO

NKN

PIERBURG

TEIN

KNORR BREMSE

HEPU

RAVENOL



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

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

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CORPORATE INFORMATION

Board Of Directors

Chen Timothy Teck Leng
@ Chen Teck Leng
(Non-executive Chairman)

David Chong Tek Yew

Ong Eng Chian Kelvin

Noel Anthony Meehan
(Resigned on 5 February 2024)

Chua Kwee Huay Genevieve

Margaret Anne Haseltine

Audit and Risk Committee

Chua Kwee Huay Genevieve
(Chairman)

Chen Timothy Teck Leng
@ Chen Teck Leng

Noel Anthony Meehan
(Resigned on 5 February 2024)

Nomination and Remuneration Committee

Chen Timothy Teck Leng
@ Chen Teck Leng
(Chairman)

Chua Kwee Huay Genevieve

Margaret Anne Haseltine

Joint Company Secretaries

Evelyn Wee Kim Lin

Cynthia Wu Siying
(Appointed on 19 February 2024)

Registered Office

9 Toh Guan Road East #02-01
Singapore 608604
Tel: 6567 8601
Fax: 6567 8884

Registrar And Share Transfer Office

B.A.C.S. Private Limited
77 Robinson Road #06-03
Robinson 77
Singapore 068896
Tel: 6593 4848
(Appointed on 1 February 2024)

Auditors

KPMG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-Charge
Sarina Lee
(Appointed in financial year 2023)

Main Bankers

DBS Bank

Maybank

The Hongkong and Shanghai
Banking Corporation Limited

United Overseas Bank

CORPORATE GROUP

Subsidiaries

Automotive Partners Asia Pty Ltd
Everts Pte. Ltd.
Filsound Enterprise Pte Ltd
Edaran PAL Sdn. Bhd.
Imparts Holdings Pte Ltd
Imparts Automotive Pty Ltd
Imparts Distribution Pty Ltd
Joining Enterprise Pte. Ltd.
Naga Jaya Automotive Sdn. Bhd.

PAL Everts Co., Ltd.
PT Palindo Makmur
Tokyo Motor Pte. Ltd.
TS Motorsport Pte. Ltd.
TSC Compartments Pte. Ltd.
TSC Enterprise (HK) Limited
TSC Trading (Shenzhen) Company Limited
Sejong Parts Plus Limited Liability Company

5-YEAR FINANCIAL SUMMARY

Results \$'000	2023	2022	2021	2020	2019
Revenue	254,400	249,323	225,330	198,236	222,048
Profit before tax	5,870	8,578	6,129	2,336	563
Tax expense	(1,550)	(2,171)	(1,584)	(1,060)	(284)
Profit for the year	4,320	6,407	4,545	1,276	279
Non-controlling interests	(67)	(129)	(78)	(52)	(53)
Attributable profit	4,253	6,278	4,467	1,224	226

Earnings per share (cents)	4.87	7.19	5.12	1.40	0.26
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Financial Position \$'000					
Plant and equipment	1,290	1,234	905	961	1,161
Right-of-use assets	7,846	9,134	5,747	7,358	7,526
Goodwill on consolidation	91	91	98	102	94
Other non-current tangible assets	2,849	2,973	2,757	2,525	2,292
Current assets	167,965	165,006	144,436	150,104	154,215
Total assets	180,041	178,438	153,943	161,050	165,288

Equity attributable to owners of the Company					
Share capital	38,057	38,057	38,057	38,057	38,057
Reserves	22,985	21,699	18,987	16,417	14,040
Share capital and reserves	61,042	59,756	57,044	54,474	52,097
Non-controlling interests	649	622	524	450	400
Total equity	61,691	60,378	57,568	54,924	52,497

Current liabilities	113,153	109,509	88,923	97,019	108,085
Non-current liabilities	5,197	8,551	7,452	9,107	4,706
Total liabilities	118,350	118,060	96,375	106,126	112,791
Total equity and liabilities	180,041	178,438	153,943	161,050	165,288

Net tangible assets per share (cents)	70.0	68.5	65.4	62.4	59.7
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91

YEARS

ca 80

LOCATIONS

06

COUNTRIES

DISTRIBUTION EXCELLENCE

SOUTH KOREA

HONG KONG/CHINA

THAILAND

MALAYSIA

SINGAPORE

INDONESIA

AUSTRALIA

The most prominent
independent automotive
parts distributor in
Southeast Asia.

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



TYE SOON

OUR TEAM

Integrity
Innovation
Resolve

CHAIRMAN'S STATEMENT

Dear Shareholders

Our Group achieved a higher turnover but lower profitability in FY23. It was a challenging year for business. The Group managed to achieve a 2% growth in turnover to \$254.4 million but profit from operations (EBIT) fell by 6.1% to \$10.3 million. Gross margin rate flatlined for the year due to competitive intensity and higher operating costs in an inflationary environment eroded profitability. Profit before tax fell by 31.6% to \$5.9 million as finance costs went up by 85.2% in a high interest rate environment. Please refer to the ensuing section on Business Review for a more detailed commentary on the year's performance.

Apart from financial performance, our team has always aimed to do well in improving the Group's business presence and market positioning as this is a key building block to long term success for a business. To this extent, it is worthwhile highlighting that the Group continues to make progress in its chosen automotive aftermarket business segments. In addition to maintaining a prominent presence in the overseas export markets, the Group has further strengthened its market leading position in South Korea and maintained its leadership positions in Australia, Malaysia and Singapore.

Reflecting the Group's financial position as well as the team's confidence in the path forward for the Group's business, the Board has recommended a final dividend amounting to \$0.74 million, or \$0.0085 per share, for FY23. This final dividend, if approved by shareholders at the upcoming AGM, when aggregated with the interim dividend already paid, will amount to total dividends of \$1.113 million, or \$0.01275 per share, for the year. The Group has held on to this level of dividend for the past 2 years and will work on bettering this as profitability improves.

In February 2024, Noel Anthony Meehan retired as CEO and Managing Director of Bapcor Limited, a controlling shareholder of the Company. Noel resigned from the Board at the same time. On behalf of the Board, I would like to thank Noel for his contributions as a member of the Board during his tenure.

Sustainability continues to be a key part of our thinking. We can play a more meaningful part in keeping the environment sustainable but this requires our whole team to continue learning about what we do, how we do things and how our business impacts the environment. This is a long learning journey. We remain guided by evolving guidelines and frameworks. One such framework focusing on disclosure of information to help shareholders and other stakeholders assess risks related to climate change is the set of recommendations and guidelines by the Task Force on Climate-Related Financial Disclosures (TCFD). Our Group is preparing and will be issuing its inaugural TCFD report in the near future.

Timothy Chen

Chairman

27 March 2024

BUSINESS REVIEW

Review of Performance

Group turnover increased by 2% to \$254.4 million.

The SGD continued to appreciate against the currencies of each of the Group's main overseas operations in South Korea (KRW), Australia (AUD) and Malaysia (MYR) during FY23. Group turnover would have increased by 5.6%, \$14.0 million in absolute terms, had the average exchange rates for the above currencies remained the same against the SGD as in FY22.

The Group achieved the 2% growth for the year in a difficult business environment amidst slowing economic growth, an inflationary backdrop, some supply issues and a tight labour market. Group turnover increased by 1.2% in 1H23 and 2.8% in 2H23. The Group experienced increasing competitive intensity in certain markets in 2H23 coinciding with the time when high interest rates and high inflation had a combined adverse impact on cost of living for consumers, putting pressure on prices from businesses to consumers. Though the choice made resulted in a lower gross margin rate, the Group maintained efforts on either retaining or taking more market share in 2H23 as it sees an engaged customer base as a key platform for business growth. Supply issues encountered in various parts of the year meant that the Group could not fully leverage on the largely steady demand from customers.

Demand from customers in Singapore and many overseas export markets remained resilient amidst a subdued global economic environment. Revenue for the business in Singapore improved by 2.3% in 1H23 but declined by 1.8% in 2H23 as exports slowed down in the latter part of Q4 due in part to late shipment arrivals from principals as well as a slower turnaround in re-exports. Overall, revenue for the year nudged up slightly by 0.2%.

Strong customer demand and market share gains continued to drive the business in South Korea during the year. The strong momentum built up early in the year supported by contributions from new store/warehouse locations continued into 2H23 achieving a growth rate of 24.5% over 2H22 in KRW terms. For the year, revenue increased by 26.3% in KRW terms but at a lower rate of 20.9% in SGD terms as the KRW weakened further against the SGD during the year.

The business in Australia held a steady course during the year

despite increased competition especially in 2H23 amidst a challenging macroeconomic environment. Revenue declined by 1% in AUD terms for the year after a broadly similar performance in both 1H23 and 2H23. The decline for the year measured in SGD, however, was at a higher rate of 7.9% as the AUD weakened further during 2023. Though cost of living issues increasingly affected consumer sentiment as the year progressed, demand remained largely steady as vehicle parts for repairs and maintenance are less discretionary in nature. Business capacity was intentionally restrained as the pursuit of potential business volume was constrained by an economy-wide tight labour market and a noticeably inflationary environment which affected all major cost elements of doing business.

Following an above-trend 30.9% revenue growth in FY22, the business in Malaysia managed to consolidate its stronger market presence in FY23 despite keener responses from market peers and a higher competitive intensity as peers reportedly had higher-than-normal inventory levels in comparison with the previous year. The Group overcame the situation to achieve a 1.2% growth in revenue in 2H23 on the back of some improvement in supplies after registering a decline of 3.5% in 1H23 in MYR terms. Overall, revenue for the year declined by 1.2% in MYR terms. The decline in FY23 measured in SGD, however, was at a higher rate of 7.1% as the MYR weakened further in the year.

Total margins for the Group increased by \$1.1 million for the year mainly due to the increase in turnover. The gross margin rate improved slightly in 1H23 but nudged down in 2H23 to achieve a largely flat gross margin rate for the year.

Operating expenses increased by \$2.2 million for the year: \$1.0 million in 1H23 and \$1.2 million in 2H23. Cost categories most affected in an inflationary environment during the year were wages and logistics expenses. For the year, staff cost increased \$2.0 million and logistics cost by \$0.3 million. South Korea registered the biggest increase in line with the increase in the level of business. Other operating costs in aggregate were well contained and registered a decline. The increases measured in SGD terms would have been higher had the amount not been moderated by the weakening of the AUD and KRW during the year. Had exchange rates in FY23 remained the same as in FY22, especially the AUD and KRW in terms of impact on the Group, the increases in staff and logistics costs would have been higher at \$3.4 million and \$0.8 million respectively.

BUSINESS REVIEW

Profit from operations before foreign exchange gain/loss (EBIT before FX) amounted to \$5.9 million in 1H23 and \$4.9 million in 2H23. For the year, EBIT before FX declined by 10.4% from \$12.1 million to \$10.8 million.

Foreign exchange loss amounted to \$0.53 million for the year; a loss of \$0.60 million in 1H23 and a gain of \$0.07 million in 2H23. The foreign exchange loss in 1H23 arose mainly from unrealised translation losses of intercompany receivable balances with overseas subsidiaries due to the appreciation of SGD as well as transactions from normal operational activities.

Profit from operations (EBIT) amounted to \$5.4 million in 1H23 and \$4.9 million in 2H23. For the year, EBIT declined by 6.1% from \$11.0 million to \$10.3 million.

Total finance cost amounted to \$2.0 million in 1H23 and \$2.4 million in 2H23. For the year, finance cost increased by \$2.0 million from \$2.4 million to \$4.4 million due to higher interest rates and higher Group borrowings.

Profit before tax was \$3.3 million for 1H23 and \$2.6 million for 2H23, totaling \$5.9 million for the year. The corresponding figures in FY22 were \$4.4 million for 1H22 and \$4.2 million for 2H22, totaling \$8.6 million.

Profit after tax was \$2.3 million for 1H23 and \$2.0 million for 2H23, totaling \$4.3 million for the year. The corresponding figures in FY22 were \$3.0 million for 1H22 and \$3.4 million for 2H22, totaling \$6.4 million.

COMMENTARY ON FY24

Supply issues and a tight labour market were restraining factors on revenue in FY23. The Group has been working closely with principals and suppliers on solutions and has recently started to see some improvements. Further improvements are expected as FY24 progresses though inconsistent lead times are expected to linger. Tight labour market conditions have affected the business in Australia from around mid-2022 to much of 2023. This has been a notable constraint on the business but is now expected to ease somewhat in a slowing economic environment.

The Group's ability to maintain the gross margin rate in FY24 will depend on the competitive intensity in the Group's markets especially the export markets, Australia and Malaysia. The Group currently expects to be in a position to assume a more pro-margin stance from the middle months of the year at the earliest as the competitive intensity seen in the latter part of 2H23 is likely to stretch into the early months of FY24.

Upward pressure on the Group's operational costs have built up in an inflationary environment over the past 18-24 months. Such pressure is expected to ease in FY24 in a less inflationary environment.

The current year has started on a good note. The Group aims to leverage on any improvement in supplies and easing labour market conditions to improve business and, depending on whether the Group's expectations on gross margin rate and operational costs turn out to be so, to improve profitability.

NOTES FROM THE EXECUTIVES

FY23 was a challenging year in which the Group achieved a small improvement in turnover but experienced a drop in profitability after 4 years of improvements. Our priority is to get back on the profitability growth path.

We will have to navigate the current year by tackling the major factors which affected our Group results last year: competitive intensity, the inflationary environment and high interest rates.

The broad consensus at the moment is that interest rates have largely peaked in the countries we operate in. A lowering of rates combined with the judicious use of bank borrowings will help to lower Group interest expense. There are also indications that the inflationary environment has turned disinflationary. If general disinflation persists, this scenario will help soften the upward pressure on Group operating expenses especially when it begins to have a moderating effect on wage expectations and increases in logistics and premises rental costs. This will help the Group's efforts to contain costs.

We will continue to prioritise improving the Group's business presence and market positioning as this is indeed a key building block to our Group's long-term success. However, we will pace ourselves in the light of different degrees of competitive intensity encountered. We will selectively build business capacity, including our location network, and continue to work closely with supply principals to build business presence.

There is much work ahead of us. Everything starts with the team. We are confident the Group's strong team fabric and the individuals' spirited contributions will help us navigate through the challenges.

David Chong
Managing Director

Kelvin Ong
Deputy Managing Director

BOARD OF DIRECTORS



TIMOTHY CHEN TECK LENG
Non-Executive Chairman
Independent Director



DAVID CHONG TEK YEW
Managing Director



ONG ENG CHIAN KELVIN
Deputy Managing Director



CHUA KWEE HUAY GENEVIEVE
Non-Executive
Independent Director



MARGARET ANNE HASELTINE
Non-Executive
Non Independent Director

ADVISER



ONG HUAT YEW PETER

GROUP MANAGEMENT TEAM

DAVID CHONG TEK YEW

Managing Director

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

ONG ENG CHIAN KELVIN

Deputy Managing Director

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

NG YOKE YEE

Group Financial Controller

Ms Ng joined the Group on 1 December 2021. Prior to this appointment, she was the Deputy Director – Finance in a local polyclinic for 8 months. Earlier in her career, she held senior finance positions in two international marine transportation companies for a combined 13 years. Ms Ng graduated from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

ADVISER

ONG HUAT YEW PETER

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

FINANCIAL CONTENTS

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion:

- (a) the financial statements set out on pages 22 to 85 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

David Chong Tek Yew
Ong Eng Chian Kelvin
Chen Timothy Teck Leng @ Chen Teck Leng
Chua Kwee Huay Genevieve
Margaret Anne Haseltine

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Tye Soon Limited		
Ordinary shares fully paid		
David Chong Tek Yew	3,705,732	3,854,732
Ong Eng Chian Kelvin	795,908	795,908
Subsidiary		
TSC Enterprise (HK) Limited		
Ordinary shares fully paid		
David Chong Tek Yew	10,000	10,000

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

DIRECTORS' STATEMENT

Directors' interests (cont'd)

There were no changes in any of the abovementioned interests in the Company between the end of the financial year and 21 January 2024.

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

Share options

During the financial year, there were:

- (i) no share options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of share option to take up unissued shares of the Company or its subsidiaries under option.

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

Audit and Risk Committee

The Members of the Audit and Risk Committee during the year and at the date of this statement are as follows:

Chua Kwee Huay Genevieve (Chairman)	Independent non-executive director	
Chen Timothy Teck Leng @ Chen Teck Leng	Independent non-executive director	
Noel Anthony Meehan	Non-independent non-executive director	Resigned on 5 February 2024

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

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

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

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

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

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

In appointing our auditors for the Company and Singapore-incorporated subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

Auditors

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

On behalf of the Board of Directors

David Chong Tek Yew
Director

Ong Eng Chian Kelvin
Director

27 March 2024

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tye Soon Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tye Soon Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 22 to 85.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

Valuation of inventories Refer to Note 3.7 and Note 10 to the financial statements	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Inventories represent 66% (2022: 63%) of the Group's total assets as at 31 December 2023. There is a risk that inventories carrying amount may exceed their net realisable value due to slow market demand or increased competition. The valuation of inventories to their net realisable value is dependent on the age and condition of these inventories, prevailing market conditions in the automotive parts industry and/or the expected selling prices which requires significant judgement and use of estimates.	■ Our audit procedures included, among others: ■ Obtained an understanding of management's risk assessment and estimation processes; ■ Tested the net realisable value of inventories on a sample basis by comparing the cost to sales price subsequent to the financial year end or third party sales price; ■ Tested the ageing profile prepared by management on a sample basis to place reliance on the ageing profile for our procedures; ■ Reviewed management's basis in identifying slow moving inventories and assessed the reasonableness of the write down of inventories based on historical trends and other qualitative factors; and ■ Performed retrospective review of management's prior year allowance for slow moving inventories. <i>Our findings</i> Based on the audit procedures performed above, we found management's judgement and estimates used in determining the valuation of inventories to be appropriate.

Other information

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

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.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

INDEPENDENT AUDITORS' REPORT

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

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

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

Report on other legal and regulatory requirements

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

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

27 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets					
Plant and equipment	4	1,290	1,234	399	406
Right-of-use assets	5	7,846	9,134	1,283	1,888
Goodwill		91	91	-	-
Subsidiaries	6	-	-	21,691	22,482
Other investments	7	1,018	1,018	1,018	1,018
Deferred tax assets	8	1,831	1,955	-	-
Loan receivables	9	-	-	-	-
Non-current assets		12,076	13,432	24,391	25,794
Current tax assets		549	61	-	-
Inventories	10	118,857	112,759	40,698	35,884
Trade and other receivables	11	35,348	33,903	51,613	48,398
Cash and cash equivalents		13,211	18,283	3,897	8,733
Current assets		167,965	165,006	96,208	93,015
Total assets		180,041	178,438	120,599	118,809
Equity					
Share capital	12	38,057	38,057	38,057	38,057
Reserves	13	22,985	21,699	3,627	4,453
Equity attributable to owners of the Company		61,042	59,756	41,684	42,510
Non-controlling interests		649	622	-	-
Total equity		61,691	60,378	41,684	42,510
Liabilities					
Loans and borrowings	14	926	2,099	926	2,099
Lease liabilities	5	4,150	5,670	628	1,239
Employee benefits	15	110	767	-	-
Deferred tax liabilities	8	11	15	-	-
Non-current liabilities		5,197	8,551	1,554	3,338
Loans and borrowings	14	72,184	64,991	59,229	53,541
Lease liabilities	5	4,016	3,677	716	681
Trade and other payables	16	35,130	38,262	16,036	16,778
Contract liabilities	17	1,443	2,015	1,380	1,961
Current tax liabilities		380	564	-	-
Current liabilities		113,153	109,509	77,361	72,961
Total liabilities		118,350	118,060	78,915	76,299
Total equity and liabilities		180,041	178,438	120,599	118,809

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue	17	254,400	249,323
Other income		67	157
Changes in inventories of finished goods		6,098	14,367
Cost of purchases		(204,532)	(208,315)
Staff costs		(26,952)	(24,924)
Depreciation expenses		(4,656)	(4,717)
Other operating expenses	18	(14,128)	(14,922)
Finance costs	19	(4,427)	(2,391)
Profit before tax		5,870	8,578
Tax expense	20	(1,550)	(2,171)
Profit for the year		<u>4,320</u>	<u>6,407</u>
Profit attributable to:			
Owners of the Company		4,253	6,278
Non-controlling interests		67	129
Profit for the year	21	<u>4,320</u>	<u>6,407</u>
Earnings per share			
Basic and diluted earnings per share (cents)	22	<u>4.87</u>	<u>7.19</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Profit for the year		4,320	6,407
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation of a subsidiary	15	(34)	36
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of net assets/liabilities of foreign branch and subsidiaries		(1,860)	(2,520)
Other comprehensive income for the year, net of tax		(1,894)	(2,484)
Total comprehensive income for the year		2,426	3,923
Total comprehensive income attributable to:			
Owners of the Company		2,399	3,825
Non-controlling interests		27	98
Total comprehensive income for the year		2,426	3,923

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company					
	Share capital \$'000	Other capital reserves \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Non-controlling interests \$'000
At 1 January 2022	38,057	3,501	(105)	(7,485)	23,076	524
Total comprehensive income for the year						
Profit for the year	-	-	-	-	6,278	129
Other comprehensive income						
Foreign currency translation differences of net assets/liabilities of foreign branch and subsidiaries	-	-	-	(2,489)	-	(31)
Remeasurement of defined benefit obligation of a subsidiary	-	-	-	-	36	-
Total other comprehensive income	-	-	-	(2,489)	36	(31)
Total comprehensive income for the year	-	-	-	(2,489)	6,314	98
Transactions with owners, recognised directly in equity						
Dividend paid	-	-	-	-	(1,113)	-
At 31 December 2022	38,057	3,501	(105)	(9,974)	28,277	622
At 1 January 2023	38,057	3,501	(105)	(9,974)	28,277	622
Total comprehensive income for the year						
Profit for the year	-	-	-	-	4,253	67
Other comprehensive income						
Foreign currency translation differences of net assets/liabilities of foreign branch and subsidiaries	-	-	-	(1,820)	-	(40)
Remeasurement of defined benefit obligation of a subsidiary	-	-	-	-	(34)	-
Total other comprehensive income	-	-	-	(1,820)	(34)	(40)
Total comprehensive income for the year	-	-	-	(1,820)	4,219	27
Transactions with owners, recognised directly in equity						
Dividend paid	-	-	-	-	(1,113)	-
At 31 December 2023	38,057	3,501	(105)	(11,794)	31,383	649

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Profit before tax		5,870	8,578
Adjustments for:			
Depreciation of plant and equipment	4	377	364
Depreciation of right-of-use assets	5	4,279	4,353
(Gain)/Loss on disposal of plant and equipment	21	(5)	16
Net impairment losses on trade receivables	21	24	171
Write-down of inventories (net)	10	496	982
Interest income	21	(12)	(12)
Finance costs	19	4,427	2,391
Unrealised foreign exchange gain on bank loans		(71)	(33)
Gain on derecognition of right-of-use assets		(6)	(5)
		15,379	16,805
Changes in working capital			
Changes in inventories		(7,782)	(17,271)
Changes in trade and other receivables		(1,848)	(3,524)
Changes in trade and other payables		(4,114)	13,903
Changes in contract liabilities		(573)	217
Changes in bills payable and trust receipts		2,612	(1,970)
Interest paid for bills payable and trust receipts		(2,158)	(1,105)
Cash generated from operating activities		1,516	7,055
Tax paid		(2,117)	(2,959)
Net cash (used in)/from operating activities		(601)	4,096
Cash flows from investing activities			
Interest received		12	12
Proceeds from sale of plant and equipment		6	2
Acquisition of plant and equipment		(466)	(751)
Net cash used in investing activities		(448)	(737)
Cash flows from financing activities			
Payment of lease liabilities		(4,153)	(4,160)
Proceeds from borrowings		45,392	48,564
Repayment of borrowings		(41,520)	(41,067)
Interest paid for lease liabilities and bank loans		(1,698)	(1,218)
Dividend paid		(1,113)	(1,113)
Net cash (used in)/from financing activities		(3,092)	1,006

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	2023 \$'000	2022 \$'000
Net (decrease)/increase in cash and cash equivalents	(4,141)	4,365
Cash and cash equivalents at the beginning of the year	18,283	14,785
Effect of exchange rate changes on the balance of cash held in foreign currencies	(931)	(867)
Cash and cash equivalents at the end of the year	<u>13,211</u>	<u>18,283</u>

Non-cash transaction:

In 2023, the Group recognised right-of-use asset with an aggregate cost of \$3,367,000 (2022: \$8,142,000), of which \$3,356,000 (2022: \$8,097,000) was recognised as lease liabilities and \$11,000 (2022: \$45,000) pertains to provision for site restoration.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2024.

1 Domicile and activities

Tye Soon Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office and principal place of business is 9 Toh Guan Road East #02-01 Singapore 608604.

The financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Company also comprises of a branch office in Hong Kong (together referred to as the “Company”)

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The changes to material accounting policies are described in Note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group’s risk management where appropriate. Revisions to accounting estimates are recognised prospectively.

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

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

- Note 10 – Valuation of inventories
- Note 11 – Valuation of trade receivables

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 24.

2.5 Changes in material accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I)s for the first time for the annual period beginning on 1 January 2023:

- Insurance Contracts, including amendments to Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information
- Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- Definition of Accounting Estimate (Amendments to SFRS(I) 1-8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to SFRS(I) 1-12 Income Taxes)
- International Tax Reforms – Pillar Two Model Rules (Amendments to SFRS(I) 1-12)
- Lease Liability in a Sale and Leaseback (Amendments to SFRS(I) 16)
- Classification of liabilities as Current and Non-current Liabilities with Covenants (Amendments to SFRS(I) 1-1)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2 Basis of preparation (cont'd)

2.5 Changes in material accounting policies (cont'd)

New standards and amendments (cont'd)

Other than below, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Material accounting policy information

The Group adopted Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3 Material accounting policies

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

3.1 Basis of consolidation

(i) *Subsidiaries*

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

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

(ii) *Transactions eliminated on consolidation*

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

(iii) *Subsidiaries in the separate financial statements*

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2 Basis of preparation (cont'd)

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss presented within "other operating expenses". However, foreign currency differences arising from the translation of an equity investment designated as at fair value through other comprehensive income ("FVOCI") are recognised in OCI.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

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

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

3.3 Financial instruments

(i) *Recognition and initial measurement*

Non-derivative financial assets and financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Equity investments at FVOCI

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

Financial assets: Business model assessment

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

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

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

- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. The Group had no financial assets held outside trading business models that failed the SPPI assessment.

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

Financial assets at amortised cost

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

Equity investments at FVOCI

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

(iv) *Offsetting*

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

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

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

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

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

3.4 Plant and equipment

(i) *Recognition and measurement*

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

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

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

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

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

(ii) *Subsequent costs*

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

(iii) *Depreciation*

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.4 Plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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

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

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

3.5 Leases

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

As a lessee

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.5 Leases (cont'd)

As a lessee (cont'd)

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

- fixed payments, including in-substance fixed payments; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

3.6 Inventories

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

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.7 Impairment (cont'd)

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

The Group recognises loss allowances for ECLs on:

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

Simplified approach

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

General approach

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.7 Impairment (cont'd)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

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

Write-off

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.7 Impairment (cont'd)

(ii) *Non-financial assets*

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.8 Employee benefits

(i) *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) *Short-term employee benefits*

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

(iii) *Long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than defined contribution and defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

3.9 Revenue

Goods sold

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.10 Finance costs

The Group's finance costs include interest expense.

Interest expense is recognised using the effective interest method.

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

In calculating interest expense, the effective interest rate is applied to amortised cost of the liability.

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

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

3.11 Income tax

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

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 Material accounting policies (cont'd)

3.11 Income tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if certain criteria are met.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.12 Earnings per share

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

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Directors Committee ("EXCO") for the purpose of allocating resources to the respective segments and performance assessment.

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

3.14 New standards and interpretations not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4 Plant and equipment

	Furniture, fittings and office equipment \$'000	Plant and machinery \$'000	Renovations \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Group						
Cost						
At 1 January 2022	5,711	329	265	836	1,036	8,177
Additions	467	40	194	–	50	751
Disposals/Write-off	(2,785)	(44)	(69)	(67)	(8)	(2,973)
Effect of movements in exchange rates	(180)	(17)	(13)	(18)	(46)	(274)
At 31 December 2022	3,213	308	377	751	1,032	5,681
Additions	341	16	79	1	29	466
Disposals/Write-off	(110)	(12)	(3)	(43)	(238)	(406)
Effect of movements in exchange rates	(87)	(7)	(13)	(15)	(17)	(139)
At 31 December 2023	3,357	305	440	694	806	5,602
Accumulated depreciation						
At 1 January 2022	5,145	249	214	708	956	7,272
Depreciation	220	17	38	50	39	364
Disposals/Write-off	(2,774)	(43)	(65)	(65)	(8)	(2,955)
Effect of movements in exchange rates	(149)	(16)	(9)	(18)	(42)	(234)
At 31 December 2022	2,442	207	178	675	945	4,447
Depreciation	238	22	55	29	33	377
Disposals/Write-off	(109)	(12)	(3)	(43)	(238)	(405)
Effect of movements in exchange rates	(63)	(5)	(8)	(15)	(16)	(107)
At 31 December 2023	2,508	212	222	646	724	4,312
Carrying amounts						
At 1 January 2022	566	80	51	128	80	905
At 31 December 2022	771	101	199	76	87	1,234
At 31 December 2023	849	93	218	48	82	1,290

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4 Plant and equipment (cont'd)

	Furniture, fittings and office equipment \$'000	Plant and machinery \$'000	Renovations \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Company						
Cost						
At 1 January 2022	3,063	92	49	381	345	3,930
Additions	47	3	98	–	41	189
Disposals	(2,779)	(44)	(49)	(67)	–	(2,939)
At 31 December 2022	331	51	98	314	386	1,180
Additions	96	–	–	–	7	103
Disposals	–	–	–	–	(233)	(233)
At 31 December 2023	427	51	98	314	160	1,050
Accumulated depreciation						
At 1 January 2022	2,926	46	49	274	288	3,583
Depreciation	32	10	15	32	29	118
Disposals	(2,770)	(44)	(49)	(64)	–	(2,927)
At 31 December 2022	188	12	15	242	317	774
Depreciation	40	4	19	24	23	110
Disposals	–	–	–	–	(233)	(233)
At 31 December 2023	228	16	34	266	107	651
Carrying amounts						
At 1 January 2022	137	46	–	107	57	347
At 31 December 2022	143	39	83	72	69	406
At 31 December 2023	199	35	64	48	53	399

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5 Leases

Leases as lessee

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

The Group leases some warehouses and motor vehicles with contract terms of 1 year to 3 years. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Right-of-use assets

	Buildings \$'000	Office equipment \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
Group					
Cost					
At 1 January 2022	11,487	33	379	2,982	14,881
Additions	6,508	–	282	1,352	8,142
Derecognition/Write-off	(928)	–	–	(927)	(1,855)
Effect of movements in exchange rates	(612)	–	(1)	(241)	(854)
At 31 December 2022	16,455	33	660	3,166	20,314
Additions	2,405	47	112	803	3,367
Derecognition/Write-off	(3,012)	(33)	(226)	(173)	(3,444)
Effect of movements in exchange rates	(383)	–	14	(97)	(466)
At 31 December 2023	15,465	47	560	3,699	19,771
Accumulated depreciation					
At 1 January 2022	7,120	22	283	1,709	9,134
Depreciation	3,529	7	91	726	4,353
Derecognition/Write-off	(925)	–	–	(906)	(1,831)
Effect of movements in exchange rates	(358)	–	8	(126)	(476)
At 31 December 2022	9,366	29	382	1,403	11,180
Depreciation	3,412	6	117	744	4,279
Derecognition/Write-off	(2,822)	(33)	(226)	(173)	(3,254)
Effect of movements in exchange rates	(235)	–	17	(62)	(280)
At 31 December 2023	9,721	2	290	1,912	11,925
Carrying amounts					
At 1 January 2022	4,367	11	96	1,273	5,747
At 31 December 2022	7,089	4	278	1,763	9,134
At 31 December 2023	5,744	45	270	1,787	7,846

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5 Leases (cont'd)

Leases as lessee (cont'd)

Right-of-use assets (cont'd)

	Buildings \$'000	Office equipment \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
Company					
Cost					
At 1 January 2022	2,338	33	218	67	2,656
Additions	2,059	–	122	–	2,181
At 31 December 2022	4,397	33	340	67	4,837
Additions	6	47	87	–	140
Derecognition/Write-off	(2,336)	(33)	(226)	–	(2,595)
At 31 December 2023	2,067	47	201	67	2,382
Accumulated depreciation					
At 1 January 2022	1,592	22	170	34	1,818
Depreciation	1,053	7	58	13	1,131
At 31 December 2022	2,645	29	228	47	2,949
Depreciation	659	6	67	13	745
Derecognition/Write-off	(2,336)	(33)	(226)	–	(2,595)
At 31 December 2023	968	2	69	60	1,099
Carrying amounts					
At 1 January 2022	746	11	48	33	838
At 31 December 2022	1,752	4	112	20	1,888
At 31 December 2023	1,099	45	132	7	1,283

Lease liabilities

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current	4,150	5,670	628	1,239
Current	4,016	3,677	716	681
	8,166	9,347	1,344	1,920

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5 Leases (cont'd)

Leases as lessee (cont'd)

Terms and debt repayment schedule

Terms and conditions of lease liabilities are as follows:

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
31 December 2023				
Lease liabilities				
Singapore Dollar	2.13 – 4.87	2024-2028	1,393	1,344
Australian Dollar	4.03 – 8.58	2024-2028	4,119	3,776
Hong Kong Dollar	2.55 – 5.84	2024-2025	157	154
Malaysia Ringgit	5.75 – 6.57	2024-2026	306	294
Korean Won	4.00	2024-2028	2,743	2,598
			<u>8,718</u>	<u>8,166</u>
31 December 2022				
Lease liabilities				
Singapore Dollar	2.55 – 3.95	2023-2027	2,020	1,920
Australian Dollar	4.18 – 7.88	2023-2027	4,809	4,421
Hong Kong Dollar	2.55 – 3.95	2023-2024	293	288
Malaysia Ringgit	5.75 – 5.95	2023-2024	396	376
Korean Won	4.00	2023-2027	2,622	2,342
			<u>10,140</u>	<u>9,347</u>
Company				
31 December 2023				
Lease liabilities				
Singapore Dollar	2.13 – 4.87	2024-2028	<u>1,393</u>	<u>1,344</u>
31 December 2022				
Lease liabilities				
Singapore Dollar	3.95	2023-2027	<u>2,020</u>	<u>1,920</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5 Leases (cont'd)

Leases as lessee (cont'd)

Amounts recognised in profit or loss

	Group	
	2023	2022
	\$'000	\$'000
Interest expense on lease liabilities	446	378
Expenses relating to short-term leases	1,004	1,222

Amounts recognised in statement of cash flows

	Group	
	2023	2022
	\$'000	\$'000
Total cash outflow for leases	4,153	4,538

Extension options

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

The Group estimated that the potential future lease payments, should it exercise these options, would result in an increase in lease liability of \$2.4 million (2022: \$2.2 million).

6 Subsidiaries

	Company	
	2023	2022
	\$'000	\$'000
Unquoted equity shares, at cost	2,571	2,571
Loans to subsidiaries	21,809	22,600
Subsidiaries	24,380	25,171
Less: Impairment loss	(2,689)	(2,689)
	21,691	22,482

The loans to subsidiaries are unsecured, interest-free and repayments are neither planned nor likely to occur in the foreseeable future. The Company has classified these loans as investment in subsidiaries as these loans are in substance the Company's investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

6 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest	
			2023 %	2022 %
⁽¹⁾ Filsound Enterprise Pte Ltd	Importing and exporting of automotive spare parts	Singapore	100	100
⁽³⁾ Naga Jaya Automotive Sdn. Bhd. and its subsidiaries	Importing and distribution of automotive spare parts	Malaysia	100	100
⁽¹⁾ Everts Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
⁽¹⁾ Tokyo Motor Pte. Ltd.	Trading in automotive spare parts	Singapore	90	90
⁽³⁾ Top Able Marketing Sdn. Bhd.	Trading in automotive spare parts	Malaysia	100	100
⁽³⁾ MSJ United Sdn. Bhd.	Trading in automotive spare parts	Malaysia	80	80
⁽⁴⁾ Sejong Parts Plus Limited Liability Company	Importing and distribution automotive spare parts	South Korea	100	100
⁽¹⁾ Joining Enterprise Pte. Ltd. and its subsidiary	Trading in automotive spare parts	Singapore	100	100
⁽³⁾ Multiple Parts Supply Sdn. Bhd.	Trading in automotive spare parts	Malaysia	100	100
⁽¹⁾ TS Motorsport Pte. Ltd. and its subsidiary	Trading in automotive spare parts	Singapore	100	100
⁽¹⁾ TSC Compartments Pte. Ltd.	Trading in automotive spare parts	Singapore	60	60
⁽¹⁾ Imparts Holdings Pte Ltd and its subsidiary	Investment holding	Singapore	100	100
⁽²⁾ Imparts Automotive Pty Ltd	Distribution of automotive spare parts	Australia	100	100
⁽¹⁾ Audited by KPMG LLP, Singapore.				
⁽²⁾ Audited by Grant Thornton Audit Pty Ltd.				
⁽³⁾ Audited by RSM Malaysia PLT.				
⁽⁴⁾ Audited by Grant Thornton LLC.				

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

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Significant-foreign incorporated subsidiaries are audited by Grant Thornton LLC and RSM Malaysia PLT.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

7 Other investments

	Group and Company	
	2023	2022
	\$'000	\$'000
Non-current investment		
Equity investments – at FVOCI	1,018	1,018

The investments are not listed in any stock exchange and there were no recent observable arm's length transactions in the shares. The fair value of unquoted equity investments is measured based on the fair value of the investee's assets and liabilities plus an adjustment for non-controlling interest. The measurement of fair value is disclosed in Note 24.

Equity investment designated as at FVOCI

The Group designated the investments shown below as equity investments at FVOCI because they represent investments that the Group intends to hold for the long-term strategic purposes.

	Fair value at 31 December		Dividend income recognised during	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Investments in:				
- Gold Choice Food Industries Sdn Bhd	815	815	-	-
- Lintrex (Australia) Pty Ltd	203	203	-	-
	1,018	1,018	-	-

No strategic investment was disposed during 2023, and there were no transfers or any cumulative gain or loss within equity relating to these investments.

8 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Group				
Plant and equipment	-	-	(11)	(15)
Provisions	1,799	1,779	-	-
Employee benefits	-	140	-	-
Tax loss carry-forward	32	36	-	-
Deferred tax assets/(liabilities)	1,831	1,955	(11)	(15)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

8 Deferred tax assets and liabilities (cont'd)

Movements in temporary differences during the year

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

	As at 1 January 2022 \$'000	Recognised in profit or loss (Note 20) \$'000	Exchange differences \$'000	As at 31 December 2022 \$'000
Group				
Plant and equipment	(19)	3	1	(15)
Provisions	1,501	395	(117)	1,779
Employee benefits	199	(47)	(12)	140
Tax losses carry-forward	39	(3)	–	36
	<u>1,720</u>	<u>348</u>	<u>(128)</u>	<u>1,940</u>

	As at 1 January 2023 \$'000	Recognised in profit or loss (Note 20) \$'000	Exchange differences \$'000	As at 31 December 2023 \$'000
Group				
Plant and equipment	(15)	3	1	(11)
Provisions	1,779	48	(28)	1,799
Employee benefits	140	(134)	(6)	–
Tax losses carry-forward	36	(3)	(1)	32
	<u>1,940</u>	<u>(86)</u>	<u>(34)</u>	<u>1,820</u>

Unrecognised deferred tax assets

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Tax losses	<u>17,366</u>	<u>16,372</u>	<u>16,190</u>	<u>15,406</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9 Loan receivables

	Group and Company	
	2023 \$'000	2022 \$'000
Loan receivables	1,100	1,100
Impairment losses	(1,100)	(1,100)
	-	-

Loan receivables comprise:

- (a) a loan of \$91,000 (2022: \$91,000) made to a relative of one of the directors for his contribution towards the capital of Tye Soon (Xiamen) Co. Ltd., a company established in the People's Republic of China. The loan is secured on the shares in Tye Soon (Xiamen) Co. Ltd.; and
- (b) an unsecured loan of \$1,009,000 (2022: \$1,009,000) to Tye Soon (Xiamen) Co. Ltd. to provide working capital for its operations.

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

10 Inventories

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Finished goods	109,100	99,952	36,668	31,575
Goods-in-transit	9,757	12,807	4,030	4,309
	118,857	112,759	40,698	35,884

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

The Group's cost of inventories amounted to \$198,434,000 (2022: \$193,948,000) and was recognised as expense and included in cost of purchases and changes in inventories of finished goods.

Included in the Group's other operating expenses is the write-down of inventories to net realisable value amounting to \$753,000 (2022: \$1,046,000) offset by a reversal of \$257,000 (2022: \$64,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

11 Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables (net)	31,352	29,878	10,656	10,381
Trade amounts due from subsidiaries	–	–	12,077	12,543
Non-trade amounts due from subsidiaries	–	–	29,434	25,767
Less: Impairment losses	–	–	(1,582)	(1,678)
	–	–	27,852	24,089
Deposits	2,303	1,782	371	364
Other receivables and advances	863	890	382	495
Rebates and discounts receivable from suppliers	423	959	224	456
	34,941	33,509	51,562	48,328
Prepayments	407	394	51	70
	35,348	33,903	51,613	48,398

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

12 Share capital

	Number of shares	
	2023	2022
	('000)	('000)
Company		
As at 1 January and 31 December	87,265	87,265

Ordinary shares

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

Capital management

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

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

The Group monitors capital using a net debt ratio to adjusted equity ratio, which is "net debt" divided by "adjusted equity". For this purpose, net debt is defined as total liabilities (as shown in the statement of financial position) less cash and cash equivalent. Adjusted equity comprise all components of equity other than translation reserve.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

13 Reserves

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Other capital reserves	3,501	3,501	–	–
Fair value reserve	(105)	(105)	(105)	(105)
Translation reserve	(11,794)	(9,974)	757	680
Retained earnings	31,383	28,277	2,975	3,878
	22,985	21,699	3,627	4,453

Other capital reserves

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instrument designated at FVOCI until the assets are derecognised or reclassified.

Translation reserve

Translation reserve comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of foreign operations; and
- (ii) foreign exchange differences on translation of monetary items which form part of the Group's net investment in foreign operations.

Dividend

	Group and Company	
	2023	2022
	\$'000	\$'000
Paid by the Group to shareholders of the Group:		
Final tax exempt 2022 dividend of \$0.0085 per share (2022: Final tax exempt 2021 dividend of \$0.0085 per share)	742	742
Interim tax exempt 2023 dividend of \$0.00425 per share (2022: Interim tax exempt 2022 dividend of \$0.00425 per share)	371	371
	1,113	1,113

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

	Group and Company	
	Final – Proposed	
	2023	2022
	\$'000	\$'000
\$0.0085 (2022: \$0.0085) per qualifying share	742	742

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14 Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Term loans	926	2,099	926	2,099
Current liabilities				
Term loans	1,173	1,148	1,173	1,148
Unsecured bank loans	27,731	23,019	22,383	17,996
Bills payable and trust receipts	43,280	40,824	35,673	34,397
	72,184	64,991	59,229	53,541
	73,110	67,090	60,155	55,640

Terms and debt repayment schedule

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

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
31 December 2023				
Term loans				
Singapore dollar	2.00 – 2.50	2025	2,141	2,099
Unsecured bank loans				
Singapore dollar	5.00 – 5.75	2024	12,746	12,700
Australian dollar	5.95 – 6.29	2024	9,035	9,008
Hong Kong dollar	7.35	2024	678	675
Malaysia Ringgit	5.53 – 5.55	2024	2,305	2,298
Korean Won	6.33 – 6.34	2024	3,166	3,050
			27,930	27,731
Bills payable and trust receipts				
Singapore dollar	5.15 – 5.97	2024	27,748	27,609
United States dollar	6.75 – 7.36	2024	6,253	6,238
Japanese Yen	1.15 – 1.70	2024	1,674	1,672
Euro	5.40	2024	155	154
Australian dollar	4.96 – 5.26	2024	5,360	5,338
Malaysia Ringgit	5.48 – 5.49	2024	2,283	2,269
			43,473	43,280
			73,544	73,110

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14 Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group				
31 December 2022				
Term loans				
Singapore dollar	2.00 – 2.50	2025	3,349	3,247
Unsecured bank loans				
Singapore dollar	5.31 – 5.83	2023	13,366	13,300
Australian dollar	4.86 – 4.96	2023	4,025	4,007
Hong Kong dollar	6.70	2023	698	689
Malaysia Ringgit	5.69 – 5.77	2023	768	763
Korean Won	6.51 – 6.53	2023	4,412	4,260
			23,269	23,019
Bills payable and trust receipts				
Singapore dollar	4.00 – 6.33	2023	22,413	22,272
United States dollar	4.65	2023	1,092	1,090
Japanese Yen	1.15 – 2.50	2023	5,128	5,115
Euro	2.35 – 5.56	2023	5,938	5,919
Australian dollar	4.89 – 5.26	2023	4,633	4,604
Malaysia Ringgit	4.94 – 5.70	2023	1,839	1,824
			41,043	40,824
			67,661	67,090
Company				
31 December 2023				
Term loans				
Singapore dollar	2.00 – 2.50	2025	2,141	2,099
Unsecured bank loans				
Singapore dollar	5.00 – 5.75	2024	12,746	12,700
Australian dollar	5.95 – 6.29	2024	9,035	9,008
Hong Kong dollar	7.35	2024	678	675
			22,459	22,383
Bills payable and trust receipts				
Singapore dollar	5.15 – 5.97	2024	27,748	27,609
United States dollar	6.75 – 7.36	2024	6,253	6,238
Japanese Yen	1.15 – 1.70	2024	1,674	1,672
Euro	5.40	2024	155	154
			35,830	35,673
			60,430	60,155

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14 Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Company				
31 December 2022				
Term loans				
Singapore dollar	2.00 – 2.50	2025	3,349	3,247
Unsecured bank loans				
Singapore dollar	5.31 – 5.80	2023	13,366	13,300
Australian dollar	4.86 – 4.96	2023	4,025	4,007
Hong Kong dollar	6.70	2023	698	689
			18,089	17,996
Bills payable and trust receipts				
Singapore dollar	4.00 – 6.00	2023	22,413	22,273
United States dollar	4.65	2023	1,092	1,090
Japanese Yen	1.15 – 2.50	2023	5,128	5,115
Euro	2.35 – 5.87	2023	5,938	5,919
			34,571	34,397
			56,009	55,640

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to \$21,829,000 (2022: \$22,614,000) for its wholly-owned subsidiaries which expire in June 2024 (2022: June 2023). The Company does not consider it probable that a claim will be made against the amounts under guarantee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14 Loans and borrowings (cont'd)

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

	Liabilities				Total \$'000
	Lease liabilities \$'000	Unsecured bank loans \$'000	Term loans \$'000	Interest payable \$'000	
Balance at 1 January 2022	5,828	14,657	4,370	186	25,041
Changes from financing cash flows					
Payment of lease liabilities	(4,160)	-	-	-	(4,160)
Repayment of borrowings	-	(39,944)	(1,123)	-	(41,067)
Proceeds from borrowings	-	48,564	-	-	48,564
Interest paid for lease liabilities and unsecured bank loans	(378)	-	-	(840)	(1,218)
Total changes from financing cash flows	(4,538)	8,620	(1,123)	(840)	2,119
The effect of changes in foreign exchange rates	(389)	(258)	-	(36)	(683)
Other changes					
Interest payable for bills payable and trust receipts	-	-	-	(1,105)	(1,105)
New leases	8,097	-	-	-	8,097
Interest expenses	378	-	-	2,013	2,391
Derecognition of lease liability	(29)	-	-	-	(29)
Total other changes	8,446	-	-	908	9,354
Balance at 31 December 2022	9,347	23,019	3,247	218	35,831
Balance at 1 January 2023	9,347	23,019	3,247	218	35,831
Changes from financing cash flows					
Payment of lease liabilities	(4,153)	-	-	-	(4,153)
Repayment of borrowings	-	(40,372)	(1,148)	-	(41,520)
Proceeds from borrowings	-	45,392	-	-	45,392
Interest paid for lease liabilities and unsecured bank loans	-	-	-	(1,698)	(1,698)
Total changes from financing cash flows	(4,153)	5,020	(1,148)	(1,698)	(1,979)
The effect of changes in foreign exchange rates	(634)	(308)	-	(9)	(951)
Other changes					
Interest payable for bills payable and trust receipts	-	-	-	(2,158)	(2,158)
New leases	3,356	-	-	-	3,356
Interest expenses	446	-	-	3,981	4,427
Derecognition of lease liability	(196)	-	-	-	(196)
Total other changes	3,606	-	-	1,823	5,429
Balance at 31 December 2023	8,166	27,731	2,099	334	38,330

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15 Employee benefits

	Group	
	2023	2022
	\$'000	\$'000
Liability for defined benefit obligations	–	599
Liability for long-service leave	110	168
	110	767

Liability for defined benefit obligations

In 2023, the Group settled all benefits under the post-employment defined benefit plan and ceased to contribute to the post-employment defined benefit plan.

Prior to 2023, the Group contributed to a post-employment defined benefit plan due to statutory requirements in South Korea. The contributions required were determined by an independent qualified actuary using the projected unit credit method. Employees of the subsidiary with at least one year or more service are entitled to receive a lump-sum payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. The defined benefit plan was fully funded by the Group's subsidiary. Employees were not required to contribute to the plan.

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

This defined benefit plan exposed the Group to actuarial risks, such as discount rate, salary increase rate and mortality rate prior to 2023.

Movement in net defined benefit liability/(asset)

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

	Defined benefit obligation	Fair value of plan asset	Net defined benefit liability/(asset)
	\$'000	\$'000	\$'000
Group			
Balance as at 1 January 2022	1,392	(306)	1,086
Included in profit or loss			
Current service cost	327	–	327
Interest cost/(income)	46	(8)	38
	373	(8)	365

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15 Employee benefits (cont'd)

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

	Defined benefit obligation \$'000	Fair value of plan asset \$'000	Net defined benefit liability/ (asset) \$'000
Group			
Included in other comprehensive income			
Remeasurement loss:			
- Actuarial loss arising from:			
- financial assumptions	(10)	-	(10)
- experience adjustment	(27)	-	(27)
- Return on plan assets excluding interest income	-	1	1
Effect of movements in exchange rates	(84)	17	(67)
	(121)	18	(103)
Other			
Benefits paid	(1,045)	296	(749)
	(1,045)	296	(749)
Balance as at 31 December 2022	599	-	599
Balance as at 1 January 2023	599	-	599
Included in other comprehensive income			
Effect of movements in exchange rates	(27)	-	(27)
	(27)	-	(27)
Other			
Benefits paid	(572)	-	(572)
	(572)	-	(572)
Balance as at 31 December 2023	-	-	-

Principal actuarial assumptions

The principal actuarial assumptions in 2022 (expressed as weighted-averages) were:

	Group 2022 %
Discount rate	5.91
Salary increase rate	5.00
Mortality rate	
- Males	0.004 – 0.099
- Females	0.002 – 0.034

Assumptions regarding mortality rates in 2022 were based on published statistics by the Korea Insurance Development Institute.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15 Employee benefits (cont'd)

Sensitivity analysis

In 2022, reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	2022	
	1 % increase \$'000	1 % decrease \$'000
Group		
Discount rate	(49)	58
Salary increase rate	61	(52)
Mortality rate	*	*

* Amount less than \$1,000

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

16 Trade and other payables

	Note	Group		Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Trade payables		27,852	31,191	13,094	14,370
Accrued expenses		5,914	5,973	1,584	1,720
Other payables		733	556	602	394
Interest payable		334	218	265	174
Provision for site restoration	(a)	223	248	97	120
Amount due to a director of a subsidiary, non-trade	(b)	74	76	-	-
Amount due to a subsidiary, trade		-	-	394	-
		35,130	38,262	16,036	16,778

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

(b) Amount due to a director of a subsidiary is unsecured, interest free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

17 Revenue

	Group	
	2023	2022
	\$'000	\$'000
Sales of goods	254,400	249,323

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

Nature of goods or services	The Group generates revenue from import and export, and distribution of automotive parts.
When revenue is recognised	Revenue is recognised when customers obtain control of the goods and all criteria for acceptance has been accepted by the customer.
Significant payment terms	For cash sales, payment is collected when goods are delivered to the customers. For credit sales, the payment terms range from 1 day to 120 days from invoice date.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets (see Note 25).

	2023	2022
	\$'000	\$'000
Primary geographical markets		
Singapore	25,446	23,870
Malaysia	54,906	57,775
Australia	41,975	45,419
Thailand	15,814	18,061
South Korea	73,010	60,398
Others	43,249	43,800
	254,400	249,323

Contract balances

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

		Group		Company	
	Note	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Trade receivables	11	31,352	29,878	22,733	22,924
Contract liabilities		(1,443)	(2,015)	(1,380)	(1,961)

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

NOTES TO THE FINANCIAL STATEMENTS

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17 Revenue (cont'd)

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balances at the beginning of the year	1,749	1,346	1,705	1,319
Increases due to cash received, excluding amounts recognised as revenue during the year	(1,177)	(1,563)	(1,124)	(1,563)

18 Other operating expenses

		Group	
	Note	2023	2022
		\$'000	\$'000
Foreign exchange loss (net)		528	1,109
Expenses relating to short term leases	5	1,004	1,222
Sales commissions expenses		1,787	1,881
Transportation expenses		4,067	3,755
Utilities expenses		1,831	1,886
Write-down of inventories (net)	10	496	982
Impairment loss on trade receivables	24	24	171
Loss on disposal of plant and equipment		–	16
Other expenses		4,391	3,900
		14,128	14,922

19 Finance costs

	Group	
	2023	2022
	\$'000	\$'000
Financial liabilities measured at amortised cost – interest expense:		
- term loans	59	84
- bank loans	1,652	827
- bills payable and trust receipts	2,270	1,102
- lease liabilities	446	378
	4,427	2,391

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

20 Tax expense

	Group	
	2023	2022
	\$'000	\$'000
Current tax		
Current year	1,411	2,351
Changes in estimates related to prior years	25	150
Withholding tax	28	18
	1,464	2,519
Deferred tax		
Origination and reversal of temporary differences	(13)	(215)
Changes in estimates related to prior years	99	(133)
	86	(348)
Tax expense	1,550	2,171
Reconciliation of effective tax rate		
Profit before tax	5,870	8,578
Tax using the Singapore tax rate of 17% (2022: 17%)	998	1,458
Effect of tax rates in foreign jurisdictions	521	674
Withholding tax	28	18
Utilisation of tax losses transferred under group relief system	(28)	-
Non-deductible expenses	137	43
Tax incentives/exempt income	(304)	(116)
Changes in estimates related to prior years	124	17
Recognition of tax effect of previously unrecognised tax losses	(11)	(40)
Current year losses for which no deferred tax asset was recognised	85	117
	1,550	2,171

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

21 Profit for the year

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

		Group	
	Note	2023 \$'000	2022 \$'000
Audit fees paid/payable to:			
- auditors of the Company [@]		227	190
- other auditors		220	187
Non-audit fees paid/payable to:			
- auditors of the Company [@]		10	10
- other auditors		111	93
Net impairment losses on trade receivables		24	171
Directors' fees		271	312
Depreciation of plant and equipment	4	377	364
Depreciation of right-of-use assets	5	4,279	4,353
Government grants		(21)	(111)
Interest income		(12)	(12)
(Gain)/Loss on disposal of plant and equipment		(5)	16
Included in staff costs:			
- contributions to defined contribution plans		2,089	2,009
- expenses related to defined benefits plan	15	-	365

@ The comparative information for audit fees paid to auditors of the Company has been re-presented to present non-audit fees separately under "non-audit fees paid to auditors of the Company" due to changes in the requirements in ACRA Code R410.31(a) and R410.31(b), effective for periods beginning on or after 15 December 2022.

Non-audit fees paid to auditors of the Company, KPMG LLP include audit-related services of \$10,000 (2022: \$10,000).

22 Earnings per share

Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

	2023 \$'000	2022 \$'000
Profit for the year attributable to ordinary shareholders	4,253	6,278

Weighted-average number of ordinary shares

	2023 Number of shares (^{'000})	2022 Number of shares (^{'000})
Weighted-average number of ordinary shares at 1 January and 31 December	87,265	87,265

The basic and diluted profit per share are the same for 2023 and 2022 as there were no dilutive instruments in issue as at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

23 Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The directors, advisers and senior managers of the Company are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2023	2022
	\$'000	\$'000
Directors' fees	271	312
Short-term employee benefits	1,142	1,224
Post-employment benefits (including contributions from Central Provident Fund)	52	55
	1,465	1,591

Other related party transactions

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

	Group	
	2023	2022
	\$'000	\$'000
Related party[#]		
- Sales	216	269

[#] A shareholder company of the Group

24 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Risk management framework

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

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

Credit risk

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

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

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

	2023 \$'000	2022 \$'000
Impairment loss on trade receivables	24	171

Trade receivables

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers before the Group's standard payment and delivery terms and conditions are offered. The credit quality of a customer is assessed after taking into account its financial position and past experience with the customer. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of 1 day to 120 days for individual and corporate customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, trading history with the Group, aging profile and existence of previous financial difficulties.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in distribution of wide spectrum of automotive parts and sell in a variety of territories. The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collaterals.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Trade receivables (cont'd)

Exposure to credit risk

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

	2023		2022	
	Not credit- impaired \$'000	Credit- impaired \$'000	Not credit- impaired \$'000	Credit- impaired \$'000
Group				
Current (not past due)	20,570	-	23,383	-
Past due 1 – 30 days	6,161	-	4,965	-
Past due 31 – 120 days	4,497	33	1,384	37
Past due more than 120 days	247	5,062	264	5,791
Total gross carrying amount	31,475	5,095	29,996	5,828
Loss allowance	(123)	(5,095)	(118)	(5,828)
	31,352	-	29,878	-
Company				
Current (not past due)	3,651	-	7,724	-
Past due 1 – 30 days	3,230	-	2,134	-
Past due 31 – 120 days	3,775	-	523	-
Past due more than 120 days	-	4,503	-	5,172
Total gross carrying amount	10,656	4,503	10,381	5,172
Loss allowance	-	(4,503)	*	(5,172)
	10,656	-	10,381	-

* Amount less than \$1,000

Expected credit loss assessment for third party trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Credit risk (cont'd)

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

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

	Weighted average loss rate %	Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
Group				
31 December 2023				
Current (not past due)	0.24	20,570	(49)	No
Past due 1 – 30 days	0.06	6,161	(3)	No
Past due 31 – 120 days	1.61	4,530	(73)	Yes
Past due more than 120 days	95.93	5,309	(5,093)	Yes
		<u>36,570</u>	<u>(5,218)</u>	
31 December 2022				
Current (not past due)	0.16	23,383	(37)	No
Past due 1 – 30 days	0.20	4,965	(10)	No
Past due 31 – 120 days	4.15	1,421	(59)	Yes
Past due more than 120 days	96.45	6,055	(5,840)	Yes
		<u>35,824</u>	<u>(5,946)</u>	
Company				
31 December 2023				
Current (not past due)	0.00	3,651	–	No
Past due 1 – 30 days	0.00	3,230	–	No
Past due 31 – 120 days	0.00	3,775	–	No
Past due more than 120 days	100.00	4,503	(4,503)	Yes
		<u>15,159</u>	<u>(4,503)</u>	
31 December 2022				
Current (not past due)	0.00	7,724	–	No
Past due 1 – 30 days	0.00	2,134	–	No
Past due 31 – 120 days	0.00	523	–	No
Past due more than 120 days	100.00	5,172	(5,172)	Yes
		<u>15,553</u>	<u>(5,172)</u>	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Credit risk (cont'd)

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

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	5,946	5,862	5,172	5,189
Impairment loss recognised	24	171	-	-
Amount written off	(658)	(30)	(601)	-
Effect of movements in exchange rates	(94)	(57)	(68)	(17)
Balance at 31 December	5,218	5,946	4,503	5,172

Trade amounts due from subsidiaries

There is no allowance for doubtful debts arising from these outstanding balances. The Company uses an allowance matrix to measure the ECLs for trade amounts due from subsidiaries. The loss rates applied to the allowance matrix are calculated based on historical credit loss experience in the past 5 years for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

Non-trade amounts due from subsidiaries

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

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

	Lifetime ECL-credit impaired 2023 \$'000
Company	
As at 1 January 2022 and 31 December 2022	1,678
Reversal of impairment loss	(96)
As at 31 December 2023	1,582

Deposits and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Credit risk (cont'd)

Non-trade amounts due from subsidiaries (cont'd)

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 31 December 2023 and 31 December 2022, the Company has issued a guarantee to certain banks in respect of credit facilities granted to subsidiaries (see Note 14). These guarantees are subject to impairment assessment under SFRS(I) 9. The Company has assessed that the subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses from these guarantees. The Company's assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and available press information).

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$13,211,000 and \$3,897,000 respectively at 31 December 2023 (2022: \$18,283,000 and \$8,733,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A1 to Baa3 (2022: A1 to Baa3) based on Moody's ratings.

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

Liquidity risk

Risk management policy

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

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

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

			Cash flows				
	Note	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000
Group							
2023							
Non-derivative financial liabilities							
Term loans	14	2,099	(2,141)	(603)	(603)	(935)	-
Unsecured bank loans	14	27,731	(27,930)	(27,909)	(21)	-	-
Bills payable and trust receipts	14	43,280	(43,473)	(43,473)	-	-	-
Lease liabilities	5	8,166	(8,718)	(2,285)	(2,053)	(2,564)	(1,816)
Trade and other payables*	16	34,907	(34,907)	(34,907)	-	-	-
		116,183	(117,169)	(109,177)	(2,677)	(3,499)	(1,816)
2022							
Non-derivative financial liabilities							
Term loans	14	3,247	(3,349)	(603)	(603)	(1,207)	(936)
Unsecured bank loans	14	23,019	(23,269)	(23,246)	(23)	-	-
Bills payable and trust receipts	14	40,824	(41,043)	(41,043)	-	-	-
Lease liabilities	5	9,347	(10,140)	(2,100)	(1,944)	(3,210)	(2,886)
Trade and other payables*	16	38,262	(38,014)	(38,014)	-	-	-
		114,699	(115,815)	(105,006)	(2,570)	(4,417)	(3,822)

* Excludes provision for site restoration.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Note	Carrying amount \$'000	Cash flows				
			Contractual cash flows \$'000	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000
Company							
2023							
Non-derivative financial liabilities							
Term loans	14	2,099	(2,141)	(603)	(603)	(935)	-
Unsecured bank loans	14	22,383	(22,459)	(22,459)	-	-	-
Bills payable and trust receipts	14	35,673	(35,830)	(35,830)	-	-	-
Lease liabilities	5	1,344	(1,393)	(372)	(377)	(458)	(186)
Trade and other payables*	16	15,939	(15,939)	(15,939)	-	-	-
Recognised financial liabilities		77,438	(77,762)	(75,203)	(980)	(1,393)	(186)
Intragroup financial guarantees (unrecognised)	14	-	(21,829)	(21,829)	-	-	-
		77,438	(99,591)	(97,032)	(980)	(1,393)	(186)
2022							
Non-derivative financial liabilities							
Term loans	14	3,247	(3,349)	(603)	(603)	(1,207)	(936)
Unsecured bank loans	14	17,996	(18,089)	(18,089)	-	-	-
Bills payable and trust receipts	14	34,397	(34,571)	(34,571)	-	-	-
Lease liabilities	5	1,920	(2,020)	(393)	(345)	(709)	(573)
Trade and other payables*	16	16,658	(16,658)	(16,658)	-	-	-
Recognised financial liabilities		74,218	(74,687)	(70,314)	(948)	(1,916)	(1,509)
Intragroup financial guarantees (unrecognised)	14	-	(22,614)	(22,614)	-	-	-
		74,218	(97,301)	(92,928)	(948)	(1,916)	(1,509)

* Excludes provision for site restoration.

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

Except for cash flow arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Market risk

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

Currency risk

Risk management policy

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk

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

	Singapore Dollar \$'000	Euro \$'000	United States Dollar \$'000	Hong Kong Dollar \$'000	Japanese Yen \$'000	Australian Dollar \$'000	Malaysia Ringgit \$'000	Thai Baht \$'000	Korean Won \$'000
Group									
2023									
Trade and other receivables	-	802	1,130	-	1,936	-	-	-	-
Amounts due from subsidiaries *	-	-	1,973	4,242	33	9,767	1,649	1	1,544
Cash in hand and at bank	-	86	869	-	978	6	8	1	-
Equity investment at FVOCI	-	-	-	-	-	204	815	-	-
Unsecured bank loans	-	-	-	(674)	-	(9,008)	-	-	-
Bills payable and trust receipts	-	(154)	(6,238)	-	(1,672)	-	-	-	-
Trade and other payables	(10)	(2,112)	(905)	-	(1,835)	-	-	(309)	-
	(10)	(1,378)	(3,171)	3,568	(560)	969	2,472	(307)	1,544
2022									
Trade and other receivables	-	-	1,960	-	1,956	-	-	-	-
Amounts due from subsidiaries *	-	4,270	1,715	4,532	-	8,869	11,266	1,035	2,880
Cash in hand and at bank	-	1,525	2,009	-	3,592	196	8	3	-
Equity investment at FVOCI	-	-	-	-	-	204	815	-	-
Unsecured bank loans	-	-	-	(689)	-	(4,007)	(763)	-	-
Bills payable and trust receipts	-	(5,919)	(1,090)	-	(5,115)	-	(1,824)	-	-
Trade and other payables	(10)	(5,445)	(554)	-	(4,988)	(53)	-	(398)	-
	(10)	(5,569)	4,040	3,843	(4,555)	5,209	9,502	640	2,880

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	Euro \$'000	United States Dollar \$'000	Hong Kong Dollar \$'000	Japanese Yen \$'000	Australian Dollar \$'000	Malaysia Ringgit \$'000	Thai Baht \$'000	Korean Won \$'000
Company								
2023								
Trade and other receivables	380	1,130	-	1,936	-	-	-	-
Amounts due from subsidiaries *	-	1,973	4,242	33	9,767	1,649	1	1,544
Cash in hand and at bank	86	869	-	978	6	8	1	-
Equity investment at FVOCI	-	-	-	-	204	815	-	-
Unsecured bank loans	-	-	(674)	-	(9,008)	-	-	-
Bills payable and trust receipts	(154)	(6,238)	-	(1,672)	-	-	-	-
Trade and other payables	(1,953)	(601)	-	(1,835)	-	-	(309)	-
	(1,641)	(2,867)	3,568	(560)	969	2,472	(307)	1,544
2022								
Trade and other receivables	-	1,960	-	1,956	-	-	-	-
Amounts due from subsidiaries *	4,270	1,715	4,532	-	8,869	11,266	1,035	2,880
Cash in hand and at bank	1,525	2,009	-	3,592	196	8	3	-
Equity investment at FVOCI	-	-	-	-	204	815	-	-
Unsecured bank loans	-	-	(689)	-	(4,007)	(763)	-	-
Bills payable and trust receipts	(5,919)	(1,090)	-	(5,115)	-	(1,824)	-	-
Trade and other payables	(3,926)	(554)	-	(4,988)	-	-	(398)	-
	(4,050)	4,040	3,843	(4,555)	5,262	9,502	640	2,880

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis

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

	Strengthening	Group		Company	
		Profit or	Equity	Profit or	Equity
		loss		loss	
		\$'000	\$'000	\$'000	\$'000
2023					
Singapore Dollar	10%	1	–	–	–
Euro	10%	138	–	164	–
United States Dollar	10%	317	–	287	–
Hong Kong Dollar	10%	(357)	–	(357)	–
Japanese Yen	10%	56	–	56	–
Australian Dollar	10%	(77)	(20)	(77)	(20)
Malaysia Ringgit	10%	(165)	(82)	(165)	(82)
Thai Baht	10%	31	–	31	–
Korean Won	10%	(154)	–	(154)	–
2022					
Singapore Dollar	10%	1	–	–	–
Euro	10%	557	–	405	–
United States Dollar	10%	(404)	–	(404)	–
Hong Kong Dollar	10%	(384)	–	(384)	–
Japanese Yen	10%	455	–	455	–
Australian Dollar	10%	(501)	(20)	(506)	(20)
Malaysia Ringgit	10%	(868)	(82)	(868)	(82)
Thai Baht	10%	(64)	–	(64)	–
Korean Won	10%	(288)	–	(288)	–

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

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Market risk (cont'd)

Interest rate risk (cont'd)

Profile

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

	Group		Company	
	Carrying amount		Carrying amount	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Lease liabilities	8,166	9,347	1,344	1,920
Loans and borrowings	73,110	67,090	60,155	55,640
	81,276	76,437	61,499	57,560

Fair value sensitivity analysis for fixed rate instruments

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Accounting classifications and fair values

Fair value versus carrying amounts

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

Group	Note	Carrying amount				Fair value			
		Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2023									
Financial assets not measured at fair value									
Trade and other receivables [#]	11	34,941	-	-	34,941				
Cash and cash equivalents		13,211	-	-	13,211				
		48,152	-	-	48,152				
Financial asset measured at fair value									
Equity investment - at FVOCI	7	-	1,018	-	1,018	-	-	1,018	1,018
Financial liabilities not measured at fair value									
Term loans	14	-	-	2,099	2,099				
Unsecured bank loans	14	-	-	27,731	27,731				
Bills payable and trust receipts	14	-	-	43,280	43,280				
Trade and other payables *	16	-	-	34,907	34,907				
		-	-	108,017	108,017				

Excludes prepayments

* Excludes provision for site restoration

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

Group	Note	Carrying amount				Fair value			
		Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022									
Financial assets not measured at fair value									
Trade and other receivables #	11	33,509	-	-	33,509				
Cash and cash equivalents		18,283	-	-	18,283				
		51,792	-	-	51,792				
Financial asset measured at fair value									
Equity investment – at FVOCI	7	-	1,018	-	1,018	-	-	1,018	1,018
Financial liabilities not measured at fair value									
Term loans	14	-	-	3,247	3,247				
Unsecured bank loans	14	-	-	23,019	23,019				
Bills payable and trust receipts	14	-	-	40,824	40,824				
Trade and other payables *	16	-	-	38,014	38,014				
		-	-	105,104	105,104				

Excludes prepayments

* Excludes provision for site restoration

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)
Accounting classifications and fair values (cont'd)
Fair value versus carrying amounts (cont'd)

Company	Note	Carrying amount			Fair value				
		Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2023									
Financial assets not measured at fair value									
Trade and other receivables #	11	51,562	-	-	51,562				
Cash and cash equivalents		3,897	-	-	3,897				
		55,459	-	-	55,459				
Financial asset measured at fair value									
Equity investment – at FVOCI	7	-	1,018	-	1,018	-	-	1,018	1,018
Financial liabilities not measured at fair value									
Term loans	14	-	-	2,099	2,099				
Unsecured bank loans	14	-	-	22,383	22,383				
Bills payable and trust receipts	14	-	-	35,673	35,673				
Trade and other payables *	16	-	-	15,939	15,939				
		-	-	76,094	76,094				

Excludes prepayments

* Excludes provision for site restoration

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair value versus carrying amounts (cont'd)

Company	Note	Carrying amount			Fair value				
		Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2022									
Financial assets not measured at fair value									
Trade and other receivables [#]	11	48,328	-	-	48,328				
Cash and cash equivalents		8,733	-	-	8,733				
		57,061	-	-	57,061				
Financial asset measured at fair value									
Equity investment – at FVOCI	7	-	1,018	-	1,018	-	-	1,018	1,018
Financial liabilities not measured at fair value									
Term loans	14	-	-	3,247	3,247				
Unsecured bank loans	14	-	-	17,996	17,996				
Bills payable and trust receipts	14	-	-	34,397	34,397				
Trade and other payables *	16	-	-	16,658	16,658				
		-	-	72,298	72,298				

Excludes prepayments

* Excludes provision for site restoration

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investment at FVOCI	Adjusted net asset method (Note 7)	Net asset value of the investee; and adjusted for discount on lack of control.	The estimated fair value would increase/ (decrease) if net asset value for unquoted equity security was higher/ (lower).

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

There were no transfers between Level 1, Level 2 and Level 3 during 2023 and 2022.

(iii) Level 3 recurring fair value

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair value:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At 1 January and 31 December	1,018	1,018	1,018	1,018

Financial instruments not measured at fair value

Other financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

24 Financial risk management (cont'd)

Level 3 recurring fair value

Sensitivity analysis

For the fair value of equity investment – FVOCI, reasonably possible changes at the reporting date to the net asset value of the investee by 10% (2022: 10%) for the Group and Company, respectively, holding other inputs constant, would have the following effects:

	Group and Company	
	Increase by 10%	Decrease by 10%
2023		
Equity investment at FVOCI		
OCI	102	(102)
2022		
Equity investment at FVOCI		
OCI	102	(102)

25 Operating segments

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that is regularly reviewed by the Executive Directors Committee for the purpose of allocating resources to the respective segments and performance assessment.

The Group is principally engaged in a single business line and in one segment which relates to the distribution of automotive parts.

Geographical information

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

	Singapore \$'000	Malaysia \$'000	Australia \$'000	Thailand \$'000	South Korea \$'000	Others \$'000	Total \$'000
2023							
Total revenue from external customers	25,446	54,906	41,975	15,814	73,010	43,249	254,400
Non-current assets ⁽ⁱ⁾	1,682	465	3,895	–	3,035	150	9,227
2022							
Total revenue from external customers	23,870	57,775	45,419	18,061	60,398	43,800	249,323
Non-current assets ⁽ⁱ⁾	2,294	510	4,649	–	2,712	294	10,459

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

Major customer

For the years ended 31 December 2023 and 2022, there was no single customer that contributed to 10% or more of the Group's revenue.

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE REPORT

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

This Report sets out the Company's corporate governance practices which were in place during the financial year ended 31 December 2023 ("FY2023"), with reference made to the principles and provisions of the Code of Corporate Governance 2018 ("Code").

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

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

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

A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as a Board director. Newly appointed directors are briefed by Management on the Group's business activities, strategic directions, policies and the regulatory environment in which it operates, as well as their statutory and other duties and responsibilities as directors. When required, the Group provides appropriate training and education program for the new and existing directors.

CORPORATE GOVERNANCE REPORT

A new director appointed to the Board who has no prior experience as a director of a listed company, will be required to attend specific modules of the Listed Entity Director (“LED”) Programme conducted by the Singapore Institute of Directors (“SID”) in order to acquire the relevant knowledge of what is expected of a listed company director, which is a mandatory requirement under the Listing Rules of the Singapore Exchange Securities Trading Limited.

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

To assist in the execution of its responsibilities, the Executive Directors Committee (“EC”), the Audit and Risk Committee (“ARC”) and the Nomination and Remuneration Committee (“NRC”) were established by the Board with clearly defined written terms of reference, which are set out in the Appendix to this Report. These terms are and will be reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. Any change to the terms of reference for any board committee requires the specific written approval of the Board.

The composition, authority, responsibilities and activities of the EC, ARC and NRC (collectively known as Board Committees) set out in their respective terms of reference are provided under the various principles in this Report.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

During the financial year under review, none of the Board members attended a training session on climate reporting rules on 1 November as arranged by the SGX. The Company will endeavour to arrange at least one member of the Board to attend such a training session when it is made available again.

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

The number of Board and committees' meetings held during FY2023 and the attendances of the directors at these meetings are set out below:

	Board Committees							
	Board		ARC		NRC		EC	
Name of Directors	A	B	A	B	A	B	A	B
David Chong Tek Yew	4	4	2*	2*	5*	4*	7	7
Ong Eng Chian, Kelvin	4	4	2*	2*	5*	4*	7	7
Chen Timothy Teck Leng @ Chen Teck Leng	4	4	2	2	5	5	–	–
Noel Anthony Meehan ⁽¹⁾	4	4	2	2	5*	4*	–	–
Chua Kwee Huay, Genevieve	4	4	2	2	5	5	–	–
Margaret Anne Haseltine	4	2	2*	1*	5	3	–	–

Notes: A – represents number of meetings held
 B – represents number of attendances
 * – by invitation
 (1) – resigned on 05 February 2024

Board Composition and Guidance

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

Mr Noel Anthony Meehan has with effect from 5 February 2024 resigned as a non-executive non-independent director and a member of the ARC. With his resignation, the Board comprises two executive directors, one non-executive non-independent director and two independent directors. The number of independent directors represents forty percent of the Board. The Board considers that there are sufficient independent elements that enable the Board to discharge its duties and responsibilities. The Board comprises suitably-qualified directors who provide the Company with a good balance of accounting, finance and management's expertise and experience, complemented by sound industry knowledge.

The Board has two independent members. They are Mr Chen Timothy Teck Leng @ Chen Teck Leng and Ms Chua Kwee Huay, Genevieve. The criterion for independence is based on the definition provided in the Code. The Board considers an "independent" director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. The Board has carried out its annual evaluation of the independence of each of the two independent directors, taking into account whether the directors are independent in character and judgement and are free from relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement.

CORPORATE GOVERNANCE REPORT

The non-executive non-independent director and independent directors that make up three out of five directors do not exercise any management functions in the Company or any of its subsidiaries. Although all the directors have equal responsibility for the performance of the Group, the role of the non-executive director and independent directors are particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take account of the long-term interests, not only of the shareholders of the Company ("Shareholders"), but also of the employees, customers and suppliers. Where necessary, non-executive director and/or independent directors may meet without the presence of Management or executive directors to consider matters that must be raised privately. The chairman or chairperson of such meetings provides feedback to the Board as appropriate.

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

On 11 January 2023, Singapore Exchange Regulation announced the change of listing rules to limit the nine years tenure of independent directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving independent directors who have served for more than nine years. As a transition, independent directors whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies' annual general meeting held for the financial year ending on or after 31 December 2023. As at 1 January 2023, none of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment.

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

Non-Executive Chairman and Managing Director

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

The Group keeps the posts of Non-Executive Chairman and Managing Director separate. Mr Chen Timothy Teck Leng @ Chen Teck Leng is the Non-Executive and Independent Chairman of the Board. Mr David Chong Tek Yew is the Managing Director. There is a clear division of responsibilities between the Non-Executive Chairman and the Managing Director which ensures there is a balance of power and authority at the top tier of the Group.

The Non-Executive Independent Chairman's main responsibility to the Board is to lead the Board to ensure its effectiveness on all aspects of its role and set its agenda and ensure that adequate time is available for discussion of all agenda items, promote a culture of openness and debate at the Board, ensure that the directors receive complete, adequate and timely information, ensure effective communication with Shareholders, encourage constructive relations within the Board and between the Board and Management, facilitate the effective contribution of non-executive directors, in particular, and promote high standards of corporate governance.

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

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

CORPORATE GOVERNANCE REPORT

Board Membership

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

The NRC comprises two independent directors, Mr Chen Timothy Teck Leng @ Chen Teck Leng (Chairman) and Ms Chua Kwee Huay, Genevieve and one Non-Executive Non-Independent director, Ms Margaret Anne Haseltine.

The responsibilities of the NRC include that of re-nomination of directors, having regard to each director's contribution and performance as well as annual determination of whether or not a director is considered independent for purposes of the Code. Details of the NRC's responsibilities are set out in the Appendix to this Report.

The NRC also considers and makes recommendations to the Board concerning the appropriate size and needs of the Board, having regard to the appropriate balance and skill mix, knowledge, experience and other aspects such as gender, age and personal qualities required for the diversity of perspectives, avoiding group think and fostering constructive debate and contributing to the overall effective performance of the Board.

The NRC considers and makes recommendations to the Board regarding the maximum number of listed company board representations each director may hold, having considered factors such as the director's ability to commit time and effort to the affairs of the Company, the competence of fellow directors, the strength of the management team, the types of listed companies involved, the frequency of meetings and the financial year end of the listed companies involved. The NRC had recommended and the Board had approved, that the maximum number of listed company board representations each director may hold shall not be more than six. All of the directors have complied with this requirement.

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

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

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

- (a) the geographical spread and diversity of the Group's businesses;
- (b) the strategic direction and progress of the Group;
- (c) the current composition of the Board; and
- (d) the need for independence.

The Company's Constitution provides that at each annual general meeting of the Company, at least one-third of the directors for the time being shall retire from office by rotation. In addition, the Company's Constitution provides for all directors to retire from office at least once every three years. A retiring director is eligible for re-election at the annual general meeting. The NRC has recommended the re-election of Ms Chua Kwee Huay, Genevieve and Mr David Chong Tek Yew as directors of the Company at the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT

The Company's Constitution provides that any director appointed by the Board shall hold office until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of directors who are retired by rotation under the above Constitution.

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

In the opinion of the NRC and the Board, Mr Chen Timothy Teck Leng @ Chen Teck Leng and Ms Chua Kwee Huay, Genevieve are considered independent. For those directors who hold multiple board representations in public listed companies, the Board is of the view that such multiple representations will not affect their abilities to carry out their respective duties as directors of the Company.

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

Name of Director	David Chong Tek Yew	Ong Eng Chian, Kelvin	Margaret Anne Haseltine
Brief write-up on background and working experience	Please refer to Group Management Team	Please refer to Group Management Team	Ms Haseltine is a Non-Executive Non-Independent Director. Currently, she is the chair of the Board of Bapcor Limited
Academic and professional qualifications	Bachelor of Commerce, Chartered Accountant	Bachelor of Engineering	Bachelor of Arts Degree
Date of appointment/ (last re-election)	1 July 1998/(26 April 2022)	17 July 2006/(26 April 2023)	17 February 2022/(26 April 2022)
Nature of appointment	Managing Director	Deputy Managing Director	Non-Executive Non-Independent Director
Board committees served	Member of EC	Member of EC	Member of NRC
Present directorships in listed companies	Tye Soon Limited	Tye Soon Limited	Tye Soon Limited Bapcor Limited
Past years directorships in listed companies	–	–	–

CORPORATE GOVERNANCE REPORT

Name of Director	Chen Timothy Teck Leng @ Chen Teck Leng	Chua Kwee Huay, Genevieve
Brief write-up on background and working experience	Mr Chen has more than thirty years of management experience in international finance, insurance, banking and corporate advisory work. He is also a director of several public listed companies.	Ms Chua is an Independent Director. Currently, she is the CEO of OVOL Singapore Pte Ltd.
Academic and professional qualifications	B.Sc. (Banking), MBA (Finance), Certified Corporate Director (ICD.D) Canada	Bachelor of Accountancy. Fellow Chartered Accountant, Singapore
Date of appointment/ (last re-election)	8 December 2016/(26 April 2023)	21 June 2021/(26 April 2022)
Nature of appointment	Independent Director	Independent Director
Board committees served	Chairman of the Board and NRC and Member of ARC	Chairman of ARC and Member of NRC
Present directorships in listed companies	Tye Soon Limited Yanzijiang Shipbuilding (Holdings) Ltd.	Tye Soon Limited
Past years directorships in listed companies	TMC Education Corporation Ltd. Tianjin Zhong Xin Pharmaceutical Group Corporation Limited Sysma Holdings Limited Boldtek Holdings Limited	–

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

Board Performance

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

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

A Board Performance Evaluation Form ("Evaluation Form") has been formulated to seek views on the various aspects of the Board performance. Incorporated into the Evaluation Form, the NRC considers, objectively, a set of quantitative and qualitative performance criteria that includes board size and composition, board independence, board processes, board information and accountability, conduct of directors, and the success in implementing strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board. Where appropriate, the Board will review and make changes to the Evaluation Form to align with prevailing regulations and requirements.

CORPORATE GOVERNANCE REPORT

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

Each of the Directors had completed the Evaluation Form for FY2023, giving their individual assessment and evaluation of the Board's ability and Board Committees' ability to meet the relevant criteria stated in the Evaluation Form. The forms were submitted to the corporate secretary, DrewCorp Services Pte Ltd for collation. Results of the assessment together with analysis of the results as compared to that of the previous year, was submitted for consideration and review by the NRC. The NRC's recommendations were submitted for endorsement by the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The NRC comprises two independent directors, Mr Chen Timothy Teck Leng @ Chen Teck Leng and Ms Chua Kwee Huay, Genevieve and one non-executive non-independent director, Ms Margaret Anne Haseltine.

The NRC reviews and approves recommendations on remuneration packages for the Chairman and the other executive directors based on the performance of the Group and the individual director. No director individually decides his or her own remuneration. Details of the NRC's responsibilities are set out in the Appendix to this Report.

The NRC reviews remuneration packages for key executives of the Company. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The NRC's recommendations are submitted for endorsement by the Board.

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

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

Level and Mix of Remuneration

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

Disclosure of Remuneration

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

CORPORATE GOVERNANCE REPORT

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2023 is set out below:

Remuneration Bands	Salary %	Bonus %	Fees %	Allowances and other benefits %	Total %	Total \$
Executive Directors						
S\$250,000 to S\$500,000						
David Chong Tek Yew	72	17	–	11	100	} 773,000
Ong Eng Chian, Kelvin	64	21	–	15	100	
Non-Executive Directors						
Below S\$250,000						
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	100	–	100	} 271,000
Noel Anthony Meehan ⁽¹⁾	–	–	100	–	100	
Chua Kwee Huay, Genevieve	–	–	100	–	100	
Margaret Anne Haseltine	–	–	100	–	100	
Key Executives (who are not directors)						
S\$200,000 to S\$300,000						
Ng Yoke Yee	69	16	–	15	100	} 421,000
Below S\$100,000 to S\$200,000						
Ong Huat Yew, Peter	96	–	–	4	100	

(1) Resigned on 05 February 2024

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

Mr Ong Huat Yew, Peter is the father of Mr Ong Eng Chian, Kelvin (Deputy Managing Director). Save as disclosed above, there are no employees who are substantial shareholders or are immediate family members of a director, the Managing Director or a substantial shareholder and whose remuneration exceeded S\$100,000 during the financial year ended 31 December 2023.

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

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

The Board is responsible for the governance of risks and sets the tone and direction for the Company in the way risks are being managed and the ARC is established to assist in its oversight of risk management. Details of the functions and responsibilities of the ARC are set out below.

The Group has in place an Enterprise Risk Management (“ERM”) Framework, which governs the risk management process in the Group. The ERM Framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group’s business. Using a matrix, the significant operational, financial and compliance risks of the Group have been established and mapped against existing strategies, policies, people and processes together with internal control systems including financial, operational, compliance and information technology controls and reporting mechanisms.

The ownership of key risks lies with respective Heads of Corporate/Business Units who are responsible for implementing a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. The Group has implemented a control self-assessment program for its major business units. Risk owners of these business units carry out control self-assessments of key internal controls that mitigate key risks. Self-assessments of internal control are based on a set of qualitative assessment criteria. Internal audit conducts separate audits that involve testing the adequacy and effectiveness of internal controls to validate the risk owner’s rating of the strength of internal controls.

The key risks, risk appetite and parameters, and key risk indicators of the Group are reviewed and deliberated by the ARC on a regular basis and reported to the Board twice a year. The ARC, through the internal audit, reviews the adequacy and effectiveness of internal control measures identified by the ERM Framework. The Board reviews the adequacy and effectiveness of the ERM framework against recommended practices in risk management and vis-à-vis the external and internal environment that the Group operates in.

To ensure that risk management processes and internal controls are adequate and effective, the Board is further assisted by various independent professionals. External audit considers internal controls relevant to the preparation of financial statements to ensure they give a true and fair view. Independent audits are conducted by internal auditors to assess the effectiveness of the Group’s internal financial controls. The ARC has the responsibility for reviewing audit findings along with the adequacy of actions taken by Management in addressing the matters raised in the auditors’ recommendations. Material findings are then reported to the Board.

In addition, the Board also received assurance from the Managing Director and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances, and that the Company’s risk management and internal control systems are adequate and effective.

Based on the framework established, control self-assessments by management and reviews by both the internal and external auditors during the year, together with assurance from the Managing Director and the Group Financial Controller, the Board, with the concurrence of the ARC, is of the opinion that the Group’s risk management system and internal controls are adequate and effective in addressing the financial, operational, compliance and information technology control needs that the Group considers relevant and material to its operations. The Board is of the opinion that there were no material weaknesses identified in the Group’s internal controls or risk management systems in FY2023.

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

CORPORATE GOVERNANCE REPORT

Audit and Risk Committee ("ARC")

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

The ARC is chaired by Ms Chua Kwee Huay, Genevieve and comprises two other directors, one independent director, Mr Chen Timothy Teck Leng @ Chen Teck Leng and one non-executive non-independent director, Mr Noel Anthony Meehan. On 5 February 2024, Mr Noel Anthony Meehan resigned as a director of the Company. The Company has up to three months to appoint a new member to the ARC to comply with the mandatory requirement of not less than three members.

Details of the functions and responsibilities of ARC are set out below.

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

- (a) having all the functions, duties, powers and responsibilities described in Section 201B of the Companies Act 1967 ("Companies Act"), including without limitation, to review with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the external auditors, the scope and results of the internal audit procedures and the financial statements and consolidated financial statements of the Company.
- (b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance.
- (c) reviewing the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and providing a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls.
- (d) reviewing audit plans and reports of the external auditors and internal auditors, and consider the results, significant findings and recommendations, together with the effectiveness of actions taken by management on the recommendations and observations.
- (e) making recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors.
- (f) reviewing the adequacy and effectiveness, independence, scope and results of the external audit and the Company's internal audit function.
- (g) taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance when carrying out the ARC's duties

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

The ARC is authorised to investigate any matter within its terms of reference, and has full access to Management and also full discretion to invite any director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its function properly.

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

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

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

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

Key audit matters	Reviews and comments by the ARC
Valuation of inventories Refer to note 3.7 and note 10 to the financial statements	The ARC reviewed and discussed with the management and external auditors on the approach and methodology applied in assessing the valuation of inventories. The ARC reviewed the reasonableness of the judgement applied in arriving at the estimate of write-down of inventories considering the age of the inventories, the prevailing market conditions in the automotive parts industry and historical provisioning experience.

The Group has put in place a whistle blowing policy which sets out the arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Details of the whistle blowing policy, together with the dedicated whistle-blowing email address have been disseminated to all employees and made available via the Company's corporate webpage (www.tyesoon.com/whistleblowing). Complaints are to be lodged with the ARC Chairperson through a dedicated email address, to maintain confidentiality of the complainant and the report, and all reports will be promptly investigated and appropriate action will be taken. No retaliatory action will be taken against such employee. The ARC is responsible for ensuring the maintenance, regular review and updating of the whistle-blowing policy and procedure.

The Company is committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for whistle-blowing in good faith. Should the ARC receive reports relating to serious offences and/or criminal activities in the Group, the ARC and the Board have access to the appropriate external advice where necessary.

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

The ARC reviewed the independence and objectivity of the external auditors through discussions with them, confirmation by them, as well as nature and extent of non-audit services provided by the external auditors during the financial year under review. During the year, a non-audit fee of \$10,000 was paid to KPMG LLP.

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

With regard to the appointment of external auditors, the Company has complied with the requirements under Rules 712 and 715 of the SGX Listing Manual.

Annually, the ARC meets with the internal auditors and the external auditors separately, without the presence of management. This is to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, the independence and objectivity of the external auditors and the observations of the auditors.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

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

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

Separate resolutions are proposed at general meetings for each distinct issue. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

All directors, including the Chairperson of the ARC and the Chairman of the NRC are present at all general meetings to address questions at general meetings. External auditors are also present to assist the directors in addressing any queries by Shareholders.

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

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

The Company does not have a formal dividend policy. In the Company's results announcement for FY2023 on 26 February 2024, the Board has recommended an exempt (one-tier) final dividend for the year ended 31 December 2023 of S\$0.0085 per share. An interim tax exempt one-tier dividend of \$0.00425 per share for financial year ended 31 December 2023 was paid to the shareholders in FY2023.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

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

The Company believes in timely and accurate dissemination of information to Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the listing rules of the SGX-ST and the Companies Act 1967. The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released either before or concurrently with, such meetings. Communication to Shareholders is normally made through:

- (a) annual reports that are prepared and issued to all Shareholders;
- (b) semi-annual financial results containing a summary of the financial information and affairs of the Group for the period;
- (c) quarterly update on the Company's trading performance;
- (d) notices and explanatory memoranda for annual general meetings and extraordinary general meetings;
- (e) disclosures to the SGX-ST; and
- (f) the Group's website at <http://www.tyesoon.com> at which Shareholders can access information on the Group.

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

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

- Investors,

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

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

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

2 INTERESTED PERSON TRANSACTIONS

No interested person transactions of S\$100,000 or more were entered into during the financial year ended 31 December 2023.

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the directors, or controlling shareholder during the financial year ended 31 December 2023.

4. DEALINGS IN SECURITIES

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

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

- (a) the implications of insider trading;
- (b) advising Applicable Persons not to trade in the Company's securities on short term considerations; and
- (c) a black out period for trading in the Company's securities commencing one month before the release of the Company's half year and full year financial results and ending on the date of the announcement of the relevant financial results.

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

CORPORATE GOVERNANCE REPORT

APPENDIX TO CORPORATE GOVERNANCE REPORT BOARD COMMITTEES – RESPONSIBILITIES

NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

Nomination matters

1. Making recommendations to the Board on relevant matters relating to:
 - (a) the review of Board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman and the Chief Executive Officer, and key management personnel;
 - (b) the process and objective performance criteria for the evaluation of the performance and effectiveness of the Board as a whole, each board committee separately, the contribution by the Chairman and each individual Director;
 - (c) the review of training and professional development programs for the Board, its board committees and the Directors; and
 - (d) the appointment and re-appointment of Directors (including alternate directors, if any), including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.
2. Reviewing annually whether the Board and the board committees are of:
 - (a) an appropriate size;
 - (b) an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company; and
 - (c) an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate.
3. Reviewing and determining annually, and as and when circumstances require, whether or not a Director is independent having regard to the requirements of the listing rules of the SGX-ST, the Code and the accompanying Practice Guidance (as each may from time to time be amended, modified or supplemented).
4. Ensuring that Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence and review such disclosures from the Directors and highlight these to the Board as required.
5. Reviewing the training and professional development programs for the Board, in particular to ensure that new Directors are aware of their duties and obligations.
6. Reviewing and determining if a Director is able to and has been adequately carrying out his/her duties as a director of the Company. In respect of a Director who holds a significant number of listed company directorships and principal commitments which involve significant time commitment, providing a reasoned assessment of the ability of the Director to diligently discharge his/her duties.
7. Setting the objectives for achieving board diversity and reviewing the Company's progress towards achieving these objectives.

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8. Reviewing the statements relating to the following matters in the Company's annual reports with a view to achieving clear disclosure of the same:
 - (a) the induction, training and development provided to new and existing Directors;
 - (b) the Company's process for selection, appointment and re-appointment of Directors to the Board, criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates;
 - (c) the Directors' relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence and the reasons of the Board in determining that such directors are independent notwithstanding the existence of such relationships;
 - (d) the listed company directorships and principal commitments of each Director, and the Board's and NRC's reasoned assessment of the Director's ability to diligently discharge his/her duties;
 - (e) how the assessments of the Board, the board committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of the Directors; and
 - (f) the board diversity policy and progress made towards implementing the board diversity policy, including objectives.
9. In carrying out its duties as the nomination committee, taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance (as each may be from time to time amended, modified or supplemented).

Remuneration matters

10. Reviewing and recommending to the Board and in consultation with the Chairman of the Board, a framework of remuneration and guidelines for remuneration of the Directors and such other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel").
11. Reviewing and recommending to the Board specific remuneration packages for each Director and Key Management Personnel.
12. Considering all aspects of remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments), including termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the Company's strategic objectives.
13. Administering any share schemes which may be approved by the shareholders.
14. Reviewing the succession and leadership development plans for key positions.
15. Reviewing the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in the Company's annual report with a view to achieving clear disclosure of the same.

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16. In carrying out its duties as a remuneration committee, taking into consideration all factors as may be specified in the Code and accompanying Practice Guidance (as each may be from time to time amended, modified or supplemented), including without limitation, the following:
- (a) A significant and appropriate proportion of the executive Directors and Key Management Personnel is structured so as to link rewards to corporate and individual performance and performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.
 - (b) The remuneration of non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.
 - (c) The remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.
 - (d) The use of contractual provisions should be considered to allow the Company to reclaim incentive components of remuneration 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.
 - (e) To review the Company's obligations arising in the event of termination of the executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

General responsibilities as the NRC

17. Reviewing the NRC's terms of reference annually and recommend any proposed changes to the Board for approval.
18. Assuming such other duties (if any) that may be assigned to a nomination committee and/or a remuneration committee of a Singapore-listed company under the Listing Rules of the Singapore Exchange Securities Trading Limited and/or the Code.

AUDIT AND RISK COMMITTEE ("ARC")

- 1. To have all the functions, duties, powers and responsibilities described in Section 201B of the Companies Act, including without limitation, to review with the auditor, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the auditor, the scope and results of the internal audit procedures and the financial statements and consolidated financial statements of the Company.
- 2. To review the significant financial reporting issues and judgements so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance.
- 3. To review at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and, where necessary and appropriate, provide a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls.
- 4. To review audit plans and reports of the external auditors and internal auditors, and consider the results, significant findings and recommendations, together with the effectiveness of actions taken by management on the recommendations and observations.

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5. Where necessary, to commission an independent audit on internal controls and risk management systems for the ARC's assurance, or where it is not satisfied with the Company's systems of internal controls and risk management.
6. To review (i) the assurance from the Chief Executive Officer ("CEO") and the Chief Finance Officer ("CFO") on the financial records and financial statements of the Company and (ii) assurance from the CEO and other key management personnel on the adequacy and effectiveness of the Company's risk management and internal control systems.
7. To make recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors.
8. To review the adequacy and effectiveness, independence, scope and results of the external audit and the Company's internal audit function.
9. To commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position and ensure that appropriate follow-up actions are taken.
10. To review the Company's policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.
11. To be the primary reporting line of the internal audit function and ensure that the internal audit function has direct and unrestricted access to the Chairman of the Board and the ARC.
12. To ensure that the internal audit function is independent, effective and adequately resourced. The internal audit function should be staffed with persons with the relevant qualifications and experience. To decide on the appointment, termination and remuneration of the head of the internal audit function.
13. To meet with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually and to review the co-operation extended to the internal auditors and the external auditors.
14. To review the nature, extent and costs of non-audit services performed by the external auditors, to ensure their independence and objectivity.
15. To review interested person transactions (including where required under any general mandate as may from time to time be approved by shareholders of the Company pursuant to the Listing Rules of the Singapore Exchange Securities Trading Limited ("Listing Rules") and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Listing Rules, as well as all conflicts of interest to ensure that proper measures to mitigate such conflicts of interest have been put in place, in relation to interested person transactions.
16. To recommend the appointment of an independent financial adviser ("IFA") where necessary under the Listing Rules and its fees in respect of any transaction, matter or any other corporate action taken by the Company where such IFA is required.
17. To review the statements to be included in the Company's annual report concerning the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, with a view to achieving clear disclosure of the same.

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18. To review and make recommendations to the Board on (i) significant or potentially significant risks which the Company is willing to take in achieving its strategic objectives and value creation; (ii) risk limits consistent with the Company's significant risks and risk appetite; (iii) delegation of authority on risk limits; and (iv) the Company's risk management framework with its management and whether there are any changes in the material business or enterprise risks the Company faces and to ensure they remain within the risk appetite set by the Board.
19. To review and approve the adequacy of the Company's risk management framework and policies relevant for managing risks of the Company, as well as adequacy of resources for the risk management function, such as manpower, financial and technology.
20. To monitor the Company's management performance on ensuring that risk considerations are incorporated into strategic and business planning and provide updates and make recommendations to the Board in relation thereto.
21. To consider and advise on risk matters referred to it by the Company's management or the Board.
22. In carrying out its duties, to take into consideration all factors as may be specified in the Code and the accompanying Practice Guidance (as each may be from time to time amended, modified or supplemented).
23. To review the ARC's terms of reference annually and recommend any proposed changes to the Board for approval.
24. To assume such other duties (if any) that may be assigned to an audit committee and/or a risk committee of a Singapore-listed company under the Companies Act, the Listing Rules and/or the Code (as each may from time to time be amended, modified or supplemented).

SUSTAINABILITY REPORT

Board Statement

The Board of Directors at Tye Soon Limited (the “Company”) and its subsidiaries (the “Group”) are pleased to publish our sustainability report for the financial year ended 31 December 2023 (“FY2023”).

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

The Board oversaw a materiality assessment that was conducted in 2017 and reviewed annually to identify where to concentrate our sustainability efforts in high impact areas which support our business strategy. Our material factors in 2023 have remained unchanged from last year. We are supported by the Sustainability Steering Committee (the “SSC”), comprising key executives across the Group, to develop sustainability strategies as well as monitor and manage our ESG risks and impacts. We have reviewed our performance against the targets set last year for each material factor.

This report is aligned with Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B – Sustainability Reporting Guide and has been prepared with reference to the internationally recognised Global Reporting Initiative (“GRI”) Standards (2016) and climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”). This report is presented in good faith and to the best of our knowledge.

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

About This Report

To be read in conjunction with its financial statements, this report addresses the Group’s material environmental, social and governance (“ESG”) topics from 1 January to 31 December 2023. The inaugural TCFD Report will be issued in the near future.

Reporting Scope and Boundaries

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

Reporting Guidelines

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

The sustainability reporting process was reviewed internally in 2023 and no external assurance on the sustainability report was conducted.

Stakeholder Engagement

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

SUSTAINABILITY REPORT

The Group actively engages stakeholders through regular meetings and timely updates of information, including organisation policies, financial results and announcements, business developments, press releases, and relevant disclosures on SGXNet and company website. We strive to develop various channels of communication and continue meaningful dialogue with our key stakeholders. In addition, we proactively participate in the activities of The Singapore Cycle & Motor Traders' Association¹ ("SCMTA") and Victorian Automobile Chamber of Commerce ("VACC")² and Australian Automotive Aftermarket Association ("AAAA")³.

Materiality Assessment

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

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

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

As a result of the workshop, the following 7 factors were identified to be material to the Group. These were validated by the Board and are the focus of this sustainability report. In FY2023, we reviewed the materiality assessment process and concluded that the material factors are still reflective of our current business direction and thus our 7 material factors remained unchanged.

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

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

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

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

SUSTAINABILITY REPORT

Economic Impact

Economic Performance

At Tye Soon, we carry out our operations responsibly so as to continuously create sustainable value for our customers and shareholders. The Group has therefore implemented an Enterprise Risk Management (“ERM”) framework, which governs the risk management process in the Group. The ERM framework enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group’s business. As part of the framework, risk management policies and systems are assessed by the ERM committee regularly and reported to the Board of Directors twice a year. Management team is responsible for implementing the risk management policies as well as a Group-wide system for internal assurance. This ensures that the top management is in control of any potential financial risks.

Details of the Group’s financial performance in FY2023 can be found in the 5-Year Financial Summary (page 3) and Financial Statement (pages 22 to 85) sections of this Annual Report.

Environmental Protection

Energy

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

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

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

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

- ***Conduct regular maintenance***

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

- ***Raise environmental awareness***

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

Electricity consumption serves as a main source of energy usage in our offices and warehouses. Electricity intensity accounted for 25.3 KWh/m² in FY2023 as compared to 25.6 KWh/m² in FY2022⁴, of our total occupied area. Moving forward, we target to maintain consistent energy intensity in the forthcoming year.

⁴ The electricity intensity for FY2022 was restated to align with current year’s computation basis.

SUSTAINABILITY REPORT

In 2022, all the Board members have completed the mandated sustainability training course organized by SID, which was LED-Environmental, Social and Governance (“ESG”) Essentials to gain a better understanding of ESG, climate-related risk and opportunities for business, as required by the enhanced SGX sustainability rules.

During the financial year under review, none of the Board members attended a training session on climate reporting rules on 1 November as arranged by the SGX. The Company will endeavour to arrange at least one member of the Board to attend such a training session when it is made available again.

Social Responsibility

Talent Retention

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

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

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

We have maintained a diligent workforce by implementing the above practices. In FY2023, our employee yearly turnover was 26% as compared to FY2022 of 28%. We aim to achieve an employee turnover of less than 26% in the forthcoming year.

Training and Education

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

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

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

In FY2023, each employee received an average of 19 training hours as compared to FY2022 of 17 training hours. In the forthcoming year, we aim to provide all our employees with equal opportunity to relevant trainings as per the requirements.

SUSTAINABILITY REPORT

Occupational Health and Safety

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

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

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

In FY2023, accident frequency rate⁵ was 10 accidents per million manhours worked as compared to accident frequency rate⁴ of 14 accidents per million manhours worked in FY2022. There were zero reported workplace fatalities in FY2023. We continue to encourage employees to work towards the goal of zero injuries. Moving forward, we target to maintain zero work-related fatalities.

Customer Satisfaction

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

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

In 2023, we continued to engage our customers through social media and time spent with customers through video/audio calls etc.. With various forms of engagement, we obtained their feedback on our products and services. Moving forward, we target to address relevant feedbacks in timely manner.

Governance

Product Range and Excellence

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

⁵ Accident frequency rate: Number of lost time injuries resulted due to accidents per million manhours worked

SUSTAINABILITY REPORT

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



In 2023, we continued to bring in new products under different brands to meet our customers demand. Moving forward, we target to maintain our current brands for our products and services.

SHAREHOLDING STATISTICS

As at 15 March 2024

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

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	127	3.57	6,229	0.01
100 - 1,000	1,715	48.26	1,156,199	1.32
1,001 - 10,000	1,442	40.57	4,981,884	5.71
10,001 - 1,000,000	259	7.29	18,313,405	20.99
1,000,001 and above	11	0.31	62,807,312	71.97
	3,554	100.00	87,265,029	100.00

Shareholdings Held in Hands of Public

Based on information available to the Company as at 15 March 2024, approximately 28.72% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	OBG & Sons Pte Ltd	23,248,102	26.64
2	UOB Kay Hian Pte Ltd	21,816,257	25.00
3	Ong Huat Yew Peter	2,746,767	3.15
4	Ong Huat Choo	2,684,100	3.08
5	HSBC (Singapore) Nominees Pte Ltd	2,381,866	2.73
6	DBS Nominees Pte Ltd	2,291,139	2.63
7	Ong Huat Kee	2,150,067	2.46
8	Abel Eng Waey Ong	1,653,447	1.89
9	Ong Yuu Kock	1,552,666	1.78
10	Ong Eng Keng Michael	1,202,301	1.38
11	Wong Huay Shien (Huang Huixian)	1,080,600	1.24
12	Kelvin Ong Eng Chian (Kelvin Wang Rongjian)	795,908	0.91
13	Lee Seck Yee	784,666	0.90
14	Chua Thiam Chok	720,000	0.82
15	Tan Yong Ping (Chen Yongbin)	706,666	0.81
16	Ong Eng Mien Malcolm	671,187	0.77
17	Ong Eng Lee @ Alvin Ong	622,121	0.71
18	Ong Lay May Apple	600,000	0.69
19	Hobee Print Pte Ltd	600,000	0.69
20	Chua Wee Liong (Cai Weilong)	589,700	0.67
		68,897,560	78.95

SHAREHOLDING STATISTICS

As at 15 March 2024

Substantial Shareholders as at 15 March 2024

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

Name	Direct Interest	%	Deemed Interest	%
OBG & Sons Pte Ltd	23,248,102	26.64	–	–
Bapcor Asia Pte. Ltd.	21,816,257	25.00	–	–
Bapcor International Pty Ltd ¹	–	–	21,816,257	25.00
Bapcor Finance Pty Ltd ²	–	–	21,816,257	25.00
Bapcor Limited ³	–	–	21,816,257	25.00

Notes:

- 1 Bapcor International Pty Ltd ("**Bapcor International**") is the holding company of Bapcor Asia Pte. Ltd. ("**Bapcor Asia**"). Accordingly, Bapcor International is deemed to have an interest in all the shares held by Bapcor Asia.
- 2 Bapcor Finance Pty Ltd ("**Bapcor Finance**") is the holding company of Bapcor International. Accordingly, Bapcor Finance is deemed to have an interest in all the shares (directly or indirectly) held by Bapcor International.
- 3 Bapcor Limited is the holding company of Bapcor Finance. Accordingly, Bapcor Limited is deemed to have an interest in all the shares (directly or indirectly) held by Bapcor Finance.

NOTICE OF 68TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 68th Annual General Meeting (the “**AGM**”) of Tye Soon Limited (the “**Company**”) will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Friday, 26 April 2024 at 10:00 a.m. for the following purposes:

As Ordinary Business	Ordinary Resolution No.
1. To receive and adopt the directors’ statement and audited financial statements for the financial year ended 31 December 2023, together with the auditors’ report thereon.	(Resolution 1)
2. To approve directors’ fees of S\$271,000 payable by the Company for the financial year ended 31 December 2023 (2022: S\$311,600).	(Resolution 2)
3. To re-elect the following directors who are retiring under Regulation 104 of the Company’s constitution (the “ Constitution ”) and who, being eligible, offer themselves for re-election:	
(a) Ms Chua Kwee Huay Genevieve	(Resolution 3)
(b) Mr David Chong Tek Yew	(Resolution 4)
4. To declare a final tax exempt one-tier dividend of S\$0.0085 per ordinary share for the financial year ended 31 December 2023.	(Resolution 5)
5. To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2024 and to authorise the directors to fix their remuneration.	(Resolution 6)
6. To transact any other ordinary business that may properly be transacted at an annual general meeting.	

As Special Business

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

- | | |
|---|----------------|
| 7. <u>Authority to allot and issue shares</u> | (Resolution 7) |
|---|----------------|

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

- | | | |
|-----|------|--|
| (a) | (i) | issue shares in the capital of the Company (the “ Shares ”) whether by way of rights, bonus or otherwise; and/or |
| | (ii) | make or grant offers, agreements, or options (collectively, the “ Instruments ”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares, |

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

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

NOTICE OF 68TH ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued under this resolution (including Shares to be issued in pursuance of the Instruments made or granted under this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted under this resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares,provided further that adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;
- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act 1967, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

By Order of the Board of Directors

EVELYN WEE KIM LIN
WU SIYING
Joint Company Secretaries
Tye Soon Limited

9 April 2024
Singapore

NOTICE OF 68TH ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 3

The proposed Resolution 3 is to re-elect Ms Chua Kwee Huay Genevieve who will be retiring by rotation pursuant to Regulation 104 of the Constitution.

If re-elected, Ms Chua Kwee Huay Genevieve will remain as a member of the Audit and Risk Committee (the “**ARC**”) and the Nomination and Remuneration Committee (the “**NRC**”) and will also remain as the Chairman of the ARC of the Company. She is considered an independent director.

Resolution 4

The proposed Resolution 4 is to re-elect Mr David Chong Tek Yew who will be retiring by rotation pursuant to Regulation 104 of the Constitution.

If re-elected, Mr David Chong Tek Yew will remain as member of the Executive Directors’ Committee of the Company.

Detailed information on these directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST) can be found on pages 91 to 92 and pages 119 to 124 of the Company’s Annual Report 2023.

Resolution 7

The proposed Resolution 7, if passed, will empower the directors, from the date of the AGM until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, with a sub-limit of 20% for Shares issued other than on a *pro rata* basis to members.

NOTES:

1. The Chairman of the 68th AGM will be exercising his right under regulation 70 of the Company’s Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members at the 68th AGM and at any adjournment thereof. Accordingly, each resolution at the 68th AGM will be voted on by way of poll.
2. The members of the Company are invited to **attend physically** at the 68th AGM. There will be no option for members to participate virtually.
3. Members (including Central Provident Fund Investors Schemes and/or Supplementary Retirement Scheme) may participate in the AGM by:
 - (a) attending the AGM in person;
 - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) voting at the AGM
 - (i) themselves personally; or
 - (ii) through their duly appointed proxy(ies).

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the meeting. We encourage members to mask up when attending the AGM.

4.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member’s instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

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

NOTICE OF 68TH ANNUAL GENERAL MEETING

6. For investors who hold shares through relevant intermediaries, including Central Provident Fund Investors Schemes (the “**CPF Investors**”) and/or Supplementary Retirement Scheme (the “**SRS Investors**”) should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.
7. The instrument appointing a proxy(ies) must be submitted in the following manner:
 - (a) if submitted by post, be deposited at the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
 - (b) if submitted electronically, be submitted, via email to the Company's Share Registrar at main@zicoholdings.com.

In any case, the instrument must be submitted not less than 48 hours before the time appointed for holding the AGM (i.e. by **10:00 a.m. on 24 April 2024**).
8. The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument.
9. Members and Investors can submit questions relating to the business of the AGM in advance by **10:00 a.m. on 16 April 2024** via email at investor_relations@tyesoon.com and provide their particulars: (1) the member's full name; and (2) his/her/its identification/registration number, contact for verification purposes, failing which the submission will be treated as invalid; or the questions may be submitted by post and lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

The Company will endeavour to respond to substantial and relevant questions received from Members and Investors during the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service provider) to comply with any applicable law, listing rules, take-over rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes, and (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

Special Note: Dress Code

Please be informed that the 68th AGM shall be held at The Chevrans, 48 Boon Lay Way, Singapore 609961 and Shareholders (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers. Your co-operation in complying with the dress code is greatly appreciated.

NOTICE OF RECORD DATE AND PAYMENT DATE FOR FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval by the shareholders of the final dividend (the “**Dividend**”) at the 68th Annual General Meeting (the “**AGM**”), the Register of Members and the Transfer Books of the Company will be closed at 5:00 p.m. on 9 May 2024 (the “**Record Date**”) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrars, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5:00 p.m. on the Record Date will be registered to determine shareholders' entitlements to the Dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (the “**CDP**”), the Dividend will be paid by the Company to CDP which will, in turn, distribute the Dividend entitlements to the CDP account-holders in accordance with its normal practice.

The Dividend, if so approved by shareholders at the forthcoming AGM, will be paid on 17 May 2024.

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

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

NAME OF DIRECTOR	DAVID CHONG TEK YEW	CHUA KWEE HUAY GENEVIEVE
Date of Appointment	1 July 1998	21 June 2021
Date of last re-appointment (if applicable)	26 April 2022	26 April 2022
Age	58	59
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr Chong as the Executive Director was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Chua Kwee Huay Genevieve as the independent Director was recommended by the NRC and the Board has accepted the recommendation, after taking into consideration her qualifications, past experience and overall contribution since she was appointed as a Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Executive Director	Independent and non-executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director and a member of Executive Director's Committee	Independent and non-executive Director, ARC Chairman and a member of the NRC.
Professional qualifications	Bachelor of Commerce, Chartered Accountant	Bachelor of Accountancy Fellow Chartered Accountant, Singapore
Working experience and occupation(s) during the past 10 years	2011 to current – Managing Director of Tye Soon Limited	<u>July 2019 to current</u> CEO of OVOL Singapore Pte Ltd <u>August 2013 to June 2019</u> MD of Spicers Paper (Singapore) Pte Ltd <u>April 2002 to July 2013</u> Executive Director of Spicers Paper (Singapore) Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 522,566 shares in Tye Soon Limited Deemed interest: 3,457,166 shares in Tye Soon Limited Direct interest: 10,000 shares in TSC Enterprise (HK) Limited (subsidiary of Tye Soon Limited)	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	No	No

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

NAME OF DIRECTOR	DAVID CHONG TEK YEW	CHUA KWEE HUAY GENEVIEVE
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	No	No
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	No	1. Spicers Holdings (Asia) Pte Ltd – Director 2. Programme for the Endorsement of Forest Certification (HQ in Geneva) – Board Member 3. RSVP Singapore – Board Member, Honorary Treasurer
Present	1. Tye Soon Limited 2. TSC Compartments Pte. Ltd. 3. TS Motorsport Pte. Ltd. 4. Everts Pte. Ltd. 5. Imparts Holdings Pte Ltd 6. Joining Enterprise Pte. Ltd. 7. TSC Enterprise (HK) Limited 8. Edaran PAL Sdn Bhd 9. Naga Jaya Automotive Sdn Bhd 10. MSJ United Sdn Bhd 11. Imparts Automotive Pty Ltd 12. Imparts Distribution Pty Ltd 13. Automotive Partners Asia Pty Ltd 14. Tokyo Motor Pte. Ltd. 15. Sejong Parts Plus Limited Liability Company 16. PT Palindo Makmur 17. NJA Marketing Sdn Bhd 18. Poweris Enterprise (M) Sdn Bhd 19. MMI Vehicle System Inc 20. DSM Autoparts Sdn Bhd (formerly know as Poweris Marketing (M) Sdn Bhd 21. JP Parts Express Corporation KK 22. TSC Trading (Shenzhen) Co Ltd.	1. OVOL Singapore Pte Ltd 2. OVOL Malaysia Sdn Bhd – Director and CEO 3. Print & Media Association Singapore, Honorary Treasurer 4. RSVP Singapore – Board Member, Honorary Treasurer 5. ISCA Support Fund – Committee Member, Chair 6. Transam Industries Pte Ltd – Director 7. CAS Technology Pte Ltd – Director

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

NAME OF DIRECTOR		
DAVID CHONG TEK YEW		CHUA KWEE HUAY GENEVIEVE
Disclosing the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	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

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

NAME OF DIRECTOR		DAVID CHONG TEK YEW	CHUA KWEE HUAY GENEVIEVE
(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
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

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

NAME OF DIRECTOR		DAVID CHONG TEK YEW	CHUA KWEE HUAY GENEVIEVE
(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
(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	No	No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(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
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		

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

NAME OF DIRECTOR		DAVID CHONG TEK YEW	CHUA KWEE HUAY GENEVIEVE
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warnings, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.			
	Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	No	No

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

68TH ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. A relevant intermediary (as defined in section 181 of the Companies Act 1967) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by Central Provident Fund (CPF) and Supplementary Retirement Scheme (SRS) investors who hold the Company's shares through CPF Agent Banks/SRS Operators). CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank/SRS Operators to submit their instructions at least seven (7) working days before the date of the AGM.

3. PLEASE READ THE NOTES TO THE PROXY FORM.

I/We, _____ (Name)
_____ (*NRIC/Passport No./ Company Registration No.)
of _____ (Address)
being a *member/members of TYE SOON LIMITED (the “**Company**”), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of shares	%
and/or (delete as appropriate)				

or failing *him/her/them, the Chairman of the 68th Annual General Meeting (the “**AGM**”) of the Company as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, at the AGM of the Company, to be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on **Friday, 26 April 2024 at 10:00 a.m.** and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the 68th AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the 68th AGM and at any adjournment thereof.

No.	Resolutions	For [^]	Against [^]	Abstain [^]
Ordinary Business				
1.	To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2023, together with the auditors’ report thereon.			
2.	To approve the directors’ fees for the year ended 31 December 2023.			
3.	To re-elect Ms Chua Kwee Huay Genevieve as a director.			
4.	To re-elect Mr David Chong Tek Yew as a director.			
5.	To declare the final dividend for the financial year ended 31 December 2023.			
6.	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.			
Special Business				
7.	General authority to the directors to issue shares and/or Instruments.			

* Delete accordingly.

[^] If you wish your proxy/proxies to cast all your votes “For” or “Against” a resolution, please tick “X” in the “For” or “Against” box provided in respect of that resolution. Alternatively, please insert the relevant number of shares “For” or “Against” in the “For” or “Against” box provided in the respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a tick “✓” in the “Abstain” box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the “Abstain” box provided in the respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deems fit on any of the resolutions if no voting instruction is specified, and on any other matter arising at the AGM.

Dated this _____ day of _____ 2024.

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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



NOTES TO PROXY FORM:

1. If the member has shares entered against his/her/its name in the Depository Register (maintained by the Central Depository (Pte) Limited, he should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy(ies) will be deemed to relate to all the shares held by the member.
2.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy(ies) must be deposited at the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 not less than 48 hours before the time appointed for holding the AGM (i.e. by **10:00 a.m. on 24 April 2024**).
5. A member who wishes to submit an instrument appointing a proxy(ies) by post or via email must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the Company's Share Registrar at main@zicoholdings.com by 10:00 a.m. on 24 April 2024.
6. Completion and submission of the instrument appointing a proxy(ies) does not preclude a member from attending and voting at the AGM. The appointment of a proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any persons appointed under the relevant instrument appointing a proxy(ies) to attend the AGM.
7. The instrument appointing a proxy(ies) must, if submitted by post or electronically via email, be signed under the hand of the appointor or of his/her attorney duly authorized in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under the common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy(ies) 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), if the instrument is submitted by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.
9. The Company shall be entitled to reject the instrument appointing a proxy(ies) 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 (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 68th AGM dated 9 April 2024.

Special Note: Dress Code

Please be informed that the 68th AGM shall be held at The Chevrans, 48 Boon Lay Way, Singapore 609961 and the members of the Company (and their respective proxies) are requested NOT to wear singlets, running shorts and slippers. Your co-operation in complying with the dress code is greatly appreciated.



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