Staying Ahead of the CURVE

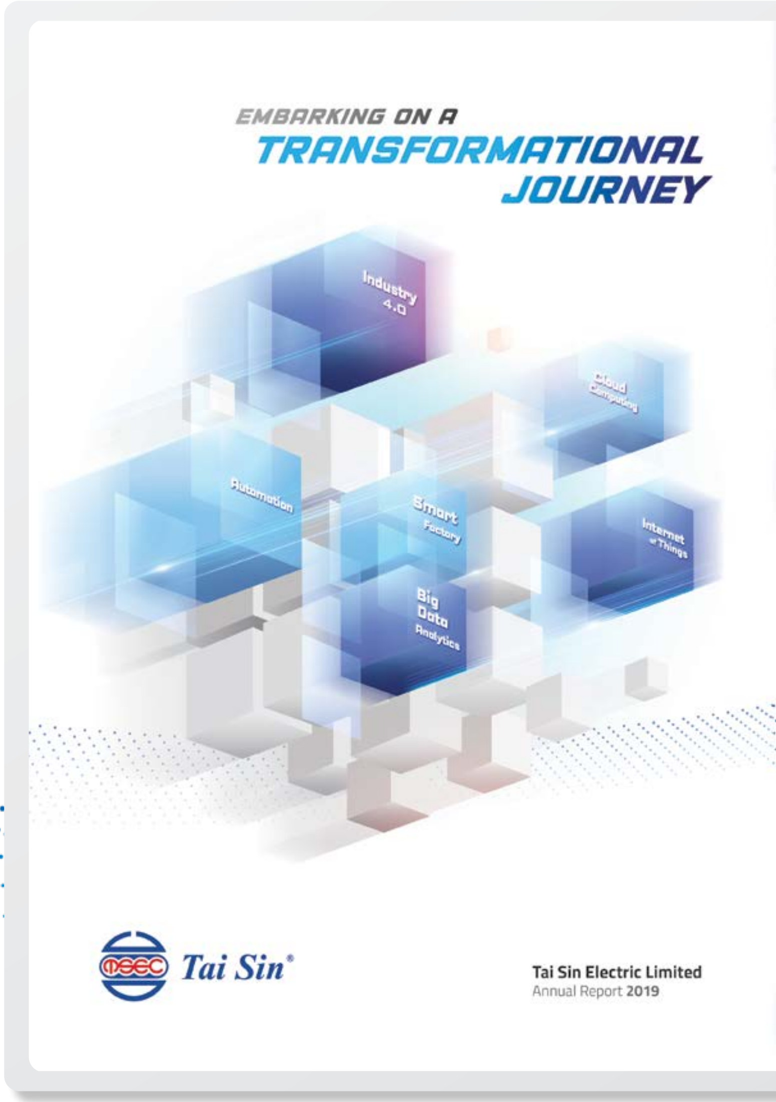
Tai Sin®

Tai Sin Electric Limited
Annual Report **2021**

FY2021 marks the third year of our preparation of Industry 4.0.

FY2019 saw Tai Sin embarking on a transformational journey with our Operations, Information Technology and Human Resources departments developing new digital tools to revamp the way we work, coordinate and grow. The COVID-19 outbreak in FY2020 had led to the acceleration of digital transformation as we rolled out a slew of digital tools to overcome safe distancing limitations. These newfound strengths were key in staying ahead of the curve in FY2021 where we further refined our breakthroughs to better position us for future challenges and opportunities.

While this marks the third year of our transformation, our journey has unlocked new avenues which we are continually pursuing to bring Tai Sin to new heights of performance and sustainability.



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FINANCIAL STATEMENTS

TAI SIN AT A GLANCE

Tai Sin Electric Limited was established with the foresight and determination as a cable manufacturing business in 1980. Today, after over 41 years of strategic expansion and diversification, Tai Sin has emerged as a leading and trusted Industrial Group in Southeast Asia. Listed on the Stock Exchange of Singapore, SESDAQ in 1998, Tai Sin was subsequently transferred to the SGX Main Board in 2005.

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

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

MISSION

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

VISION

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

CORE VALUES

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

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

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

TAI SIN SUSTAINABILITY LIVING PLAN

PRODUCTS THAT PROVIDE **SAFETY**

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

PRODUCTS THAT ARE **SAFE** TO USE

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

SERVICES THAT PROVIDE **SAFETY**

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

BUILDING A MORE SUSTAINABLE TOMORROW

BUSINESS SEGMENTS

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

CABLE & WIRE ("C&W")

This segment designs, develops, manufactures and trades electrical power distribution products. Products include Power, Control, Instrumentation and Fire Resistant & Flame Retardant Cables and Busbar Trunking Systems, which are used in all areas of electrical and instrumentation installation for commercial, residential, industrial and infrastructure projects.

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

ELECTRICAL MATERIAL DISTRIBUTION ("EMD")

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

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

SWITCHBOARD ("SB")

This segment designs and manufactures high quality switchgears for use in large buildings and industrial installations. Products include low voltage main and sub switchboards, distribution boards and control panels, amongst others.

- PKS Sdn Bhd

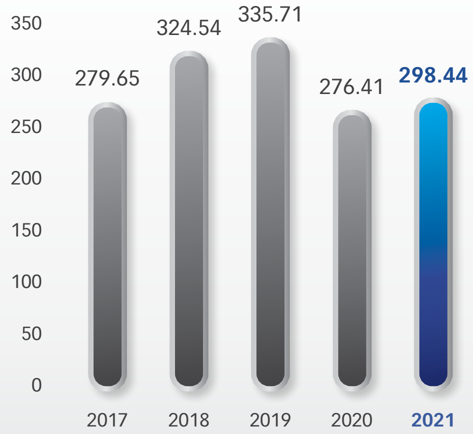
TEST & INSPECTION ("T&I")

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

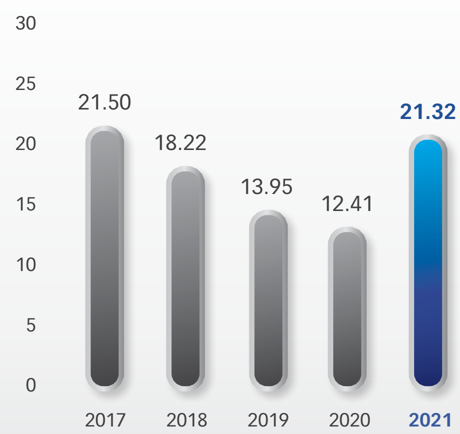
- CAST Laboratories Pte Ltd
- CASTconsult Sdn Bhd
- PT CAST Laboratories Indonesia
- CAST Laboratories (Cambodia) Co Ltd

FINANCIAL HIGHLIGHTS

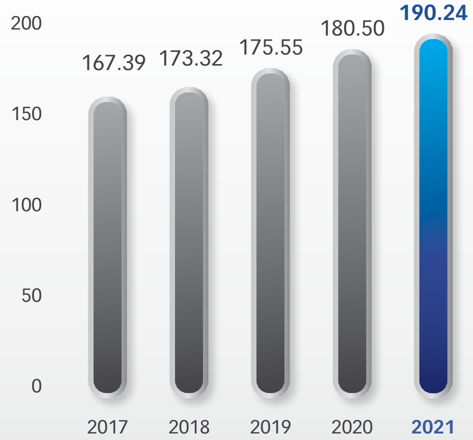
Turnover
(S$'m)



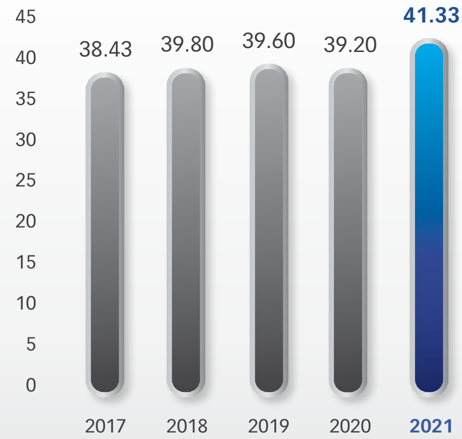
Profit Before Income Tax
(S$'m)



Shareholders' Funds
(S$'m)



Net Asset Value Per Share
(cents)



Earnings Per Share
(cents)

CHAIRMAN'S STATEMENT

Our transformation efforts have given us a head start and were then further accelerated as digitalisation of work was adopted with greater urgency and acceptance

DEAR SHAREHOLDERS,

The financial year ended 30 June 2021 ("FY2021") saw the Group strengthening its resilience despite the prolonged COVID-19 pandemic which has tremendously impacted the global economy since early 2020. Faced with the circumstances, we have pursued our mission by redesigning our operational systems and processes with renewed vigour to continue staying agile in the new normal.

As governments around the world endeavoured to limit the health and economic fallout of the pandemic with extended lockdowns, safe distancing measures and vaccine rollouts, companies have scrambled to adopt new ways of doing business. Our transformation efforts have given us a head start and were then further accelerated as digitalisation of work was adopted with greater urgency and acceptance. This in turn allowed our business arms to operate efficiently at a lower capacity while complying with stringent social distancing rules. We are now better geared to thrive in the new normal.

CHAIRMAN'S STATEMENT

For FY2021, our Group revenue edged higher by 7.97% to 298.44 million due to higher contributions from our Singapore and Malaysia's Cable & Wire ("C&W"), Electrical Material Distribution ("EMD") and Test & Inspection ("T&I") segments which were offsetted against the lower revenue contribution from our Vietnam C&W segment. The Switchboard ("SB") segment did however register a marginal increase. The softer performance was largely attributable to the pandemic which translated to curtailed business activities across our segments and across borders. While the easing of circuit breaker ("CB") measures in Singapore and Movement Control Order ("MCO") in Malaysia meant that work could resume, Safe Management Measures ("SMM") continued to limit the pace of construction work which consequently weighed down on our performance. The business activities in Vietnam had however continued to slow down with this prolonged pandemic with many projects and new investments being put on hold.

Similarly, the Group's gross profit for the year under review declined, coming in 6.73% lower at 41.37 million as a result of provision for onerous contracts of $22.69 million which was offsetted partially by higher margins from more ad hoc contracts.

On a positive note, the Group's other operating income increased by $12.58 million to $20.16 million from $7.57 million. This improvement is tied to higher fair value gain on derivative financial instruments amounting to $10.80 million due to the rise in copper prices towards year end which benefited the Group. Furthermore, the Group appreciative for the grant income recognition of $6.94 million under various government support schemes awarded in light of the pandemic which were mostly contributed by the Singapore Government.

Selling and distribution expenses in FY2021 were lower mainly due to reduction in transportation and advertisement costs from our Vietnam C&W segment which were as a result of the lower business activities. Administrative expenses on the other hand, increased by $856,000 to $19.43 million mainly led by higher staff costs as a result of better-performing business segments.

For the year under review, other operating expenses increased by $872,000 to $2.03 million primarily attributed to higher foreign exchange loss and loss allowance for trade receivables.

Finance costs, on the other hand, declined by $308,000 to $781,000 as a result of lower interest rate charge and utilisation of bank facilities.

The Group's profit attributable to shareholders nearly doubled to $17.28 million from $9.70 million in FY2020. Despite global disruptions and economic headwinds from the coronavirus, we are continually thankful for the support of our partners, customers and shareholders. We recognise the sacrifices and hard work put in by staff and employees. On behalf of the Board of Directors, I would like to express my gratitude and am looking forward to your continued support as we navigate through the new normal in FY2022.

The Board has recommended a final dividend of 1.50 cent per ordinary share as a symbol of appreciation for shareholders' support. The dividend will be subjected to approval at the upcoming annual general meeting.

BOBBY LIM CHYE HUAT
Chairman

REPORT BY THE CHIEF EXECUTIVE OFFICER

The financial year ended 30 June 2021 ("FY2021") tested the Group's ability and grit to thrive amidst challenging conditions. Similar to the past few fiscal periods preceding it, Tai Sin has been able to deliver multifaceted values to stakeholders through indomitable perseverance in these unprecedented times.

For the year under review, our C&W segment reported a 12.57% increase in revenue from $154.91 million in FY2020 to $174.38 million in FY2021. This was largely due to higher sales volume and surge in copper prices as business activities in Singapore and Malaysia picked up with the easing of CB measures in Singapore and MCO in Malaysia albeit the SMM. In Vietnam, the business sentiment continued to be subdued with many projects and new investments being put on hold in the current climate as the country grappled with rising COVID-19 infections which necessitated a lockdown and economic activities suspension. The surge in copper prices had led to higher margins for the year as we priced our new sales in accordance with copper commodity prices for ad hoc contracts. In terms of tonnage, we sold more than the year before with the bulk of demand from the industrial sector. From a geographical perspective, Singapore made up the lion's share of the increase followed by Malaysia.

Our EMD segment saw a 2.70% increase in revenue and was largely unaffected due to its classification as an essential service which is categorised under the material replacement business. However, this growth was subdued by the decline in revenue from electronic and marine clusters, amid lower demand for our products.

Revenue from our T&I segment increased marginally by 0.68% to $31.55 million. The increase was due to higher demands for Non-Destructive Testing ("NDT") and Heat Treatment services in Batam, Indonesia which was offsetted against the decline in the overall testing & inspection services in Singapore and Malaysia.

Meanwhile, our SB segment saw an improvement in revenue from $5.45 million to $5.50 million.

STAYING AHEAD OF THE CURVE

In FY2020, we highlighted our strategy to transform the business in preparation for Industry 4.0. Despite substantial changes in our day-to-day operations due to the pandemic, we were still able to reap significant improvements in our factory's efficiency and productivity. One example would be the Overall Equipment Effectiveness ("OEE") of our Singapore factory which had further improved by 1.5% for the year under review. This improvement was achieved despite months of closure during the CB period.

Our journey of growth continues as we identify and pursue new approaches to stay ahead of the curve. Moving on, we will be implementing Industry 4.0 technology into the logistics department of our factories under our C&W segment, to further streamline and integrate our processes from production to the last mile delivery. We will also be implementing Internet of Things ("IoT") sensors such as acoustics and environmental measurements onto our machineries for advanced predictive maintenance analytics. We have also continued to expand our range of products such as the new range of low voltage Busbar Trunking System and accessories which were added to our power distribution solutions.

In addition to transformation initiatives for the year, the Group continues to reach new milestones for its businesses.

Our T&I segment has been operating in Cambodia for approximately six years and in 2021, it had ramped up its involvement and standing in the country by inking an agreement with the Board of Engineers, Cambodia ("BEC") to set up and operate the Board of Engineers Cambodia Laboratory ("BECL") for a period of 30 years. It is set to

REPORT BY THE CHIEF EXECUTIVE OFFICER

facilitate quality testing of construction standards as established by the BEC.

Electgo.com, an EMD segment's e-commerce platform continues to see a growing number of users and transactions. To better tap on the increase of online consumerism, we are also planning to make further investments as we have expanded the team, both of which are crucial to improve users' buying experience.

OUTLOOK

The COVID-19 pandemic will continue to weigh prominently in the near term as the resurgence of infections and new variants of the virus impair recoveries around the world. Tai Sin will continue to practise SMM to keep our staff safe. We believe that the fundamentals of our business remain sound and that we are well-positioned and poised to capitalise on the pent-up demand when business activities pick up again.

On top of pandemic-related concerns, we will also keep tabs on challenges such as the global shortage of copper due to future expected demand for the generation of renewable power and production of electric vehicles[1]. Other challenges include the shortage of manpower especially in Singapore's construction sector.

Singapore's Ministry of Trade and Industry ("MTI") has published advanced estimates that the economy is recovering with a 14.7% growth for 2Q2021[2]. The high percentage was due to the low base in 2Q2020 when Gross Domestic Product ("GDP") fell by 13.3% due to the CB measures implemented from 7 April to 1 June 2020.

Meanwhile, the International Monetary Fund ("IMF") projected that the global economy would grow 6.0% in 2021 and 4.9% in 2022. It said that economic prospects for advanced economies would normalise by the end of 2021 due to greater vaccine accessibility while other countries may face resurgent infections and rising COVID-19 death tolls. It advocates greater cooperation and assistance to facilitate overall recovery[3].

FY2021 has been eventful and we have been nimble in addressing new and old challenges despite the additional limitations associated with the prolonged pandemic. Eventually, we would regard FY2020 as a seminal year as it was a major turning point in bringing our digitalisation efforts to the fore. On a final note, we believe that COVID-19 has created a tremendous opportunity to place the pieces together for us to be more resilient in face of the new normal.

Lim Boon Hock Bernard
Chief Executive Officer

1 https://www.bloomberg.com/news/articles/2021-03-19/the-world-will-need-10-million-tons-more-copper-to-meet-demand
2 https://www.singstat.gov.sg/-/media/files/news/gdp2q2021.pdf
3 https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021

CORPORATE SOCIAL RESPONSIBILITY

While COVID-19 continued to limit travel and face-to-face interaction, we were able to again take part in the WeCare @ North West project where we handed out festive packs to the needy.

The event was jointly organised by the North West CDC community and corporate partners with 20 volunteers from the Group. Echoing our efforts in FY2020, we packed and distributed goodie bags to low-income families at Woodlands Rise. This year, we worked alongside Member of Parliament for Sembawang GRC, Ms Poh Li San.

Ever mindful of the need to keep the community and our staff safe, we carefully observed measures such as mask-wearing, sanitization and safe distancing. While we had planned other CSR activities for the year, further spikes in COVID-19 transmissions had necessitated their cancellation. Moving forward, we plan to make up for lost time and opportunity to do our bit for society in the coming year.

CORPORATE SOCIAL RESPONSIBILITY

BOARD OF DIRECTORS

LIM CHYE HUAT @ BOBBY LIM CHYE HUAT

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

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

Length of Service as Director
- 24 years

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

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

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

Past Directorships in Listed Companies Over the Preceding Three Years
- Nil

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

LIM BOON HOCK BERNARD

Chief Executive Officer / Executive Director

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

Length of Service as Director
- 24 years

Board Committee Served On
- Nil

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

Present Directorships in Listed Companies
- Nil

Past Directorships in Listed Companies Over the Preceding Three Years
- Nil

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

BOARD OF DIRECTORS

SOON BOON SIONG

Non-Executive and Lead Independent Director

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

Length of Service as Director
- 9 years

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

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

Present Directorships in Listed Companies
- Nil

Past Directorships in Listed Companies Over the Preceding Three Years
- Nil

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

LEE FANG WEN

Non-Executive and Independent Director

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

Length of Service as Director
- 6 years

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

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

Present Directorships in Listed Companies
- Nil

Past Directorships in Listed Companies Over the Preceding Three Years
- Non-Executive and Independent Director, Asiatic Group (Holdings) Limited

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

BOARD OF DIRECTORS

RENNY YEO AH KIANG

PBM BBM
Non-Executive and Independent Director

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

Length of Service as Director
- 3 years

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

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

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

Past Directorships in Listed Companies Over the Preceding Three Years
- Independent Chairman, Sin Heng Heavy Machinery Limited
- Non-Executive and Lead Independent Director, OEL Holdings Ltd

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

MANAGEMENT TEAM

CORPORATE

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

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

CHUA HWEE LEE WILLY, MBA
Head – Group Corporate Development;
Tai Sin Electric Limited
Join Since: 1995

LIM BOON JIAN LYNETTE, MBA
Head – Group IT;
Tai Sin Electric Limited
Join Since: 2003

CABLE & WIRE ("C&W") SEGMENT

LIN CHEN MOU
Executive Vice President;
Tai Sin Electric Limited
Join Since: 1983

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

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

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

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

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

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

SWITCHBOARD ("SB") SEGMENT

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

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

ELECTRICAL MATERIAL DISTRIBUTION ("EMD") SEGMENT

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

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

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

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

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

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

AARON LEE
General Manager;
Tai Sin Power Distribution Pte Ltd
Senior Business Manager;
LKH Projects Distribution Pte Ltd
Join Since: 2011

TEST & INSPECTION ("T&I") SEGMENT

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

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

LIM BOON HOH BENEDICT
General Manager – Operations;
CAST Laboratories Pte Ltd
Join Since: 2015

TAI JAN LEAN
General Manager – NDT & Inspection;
CAST Laboratories Pte Ltd
Join Since: 2015

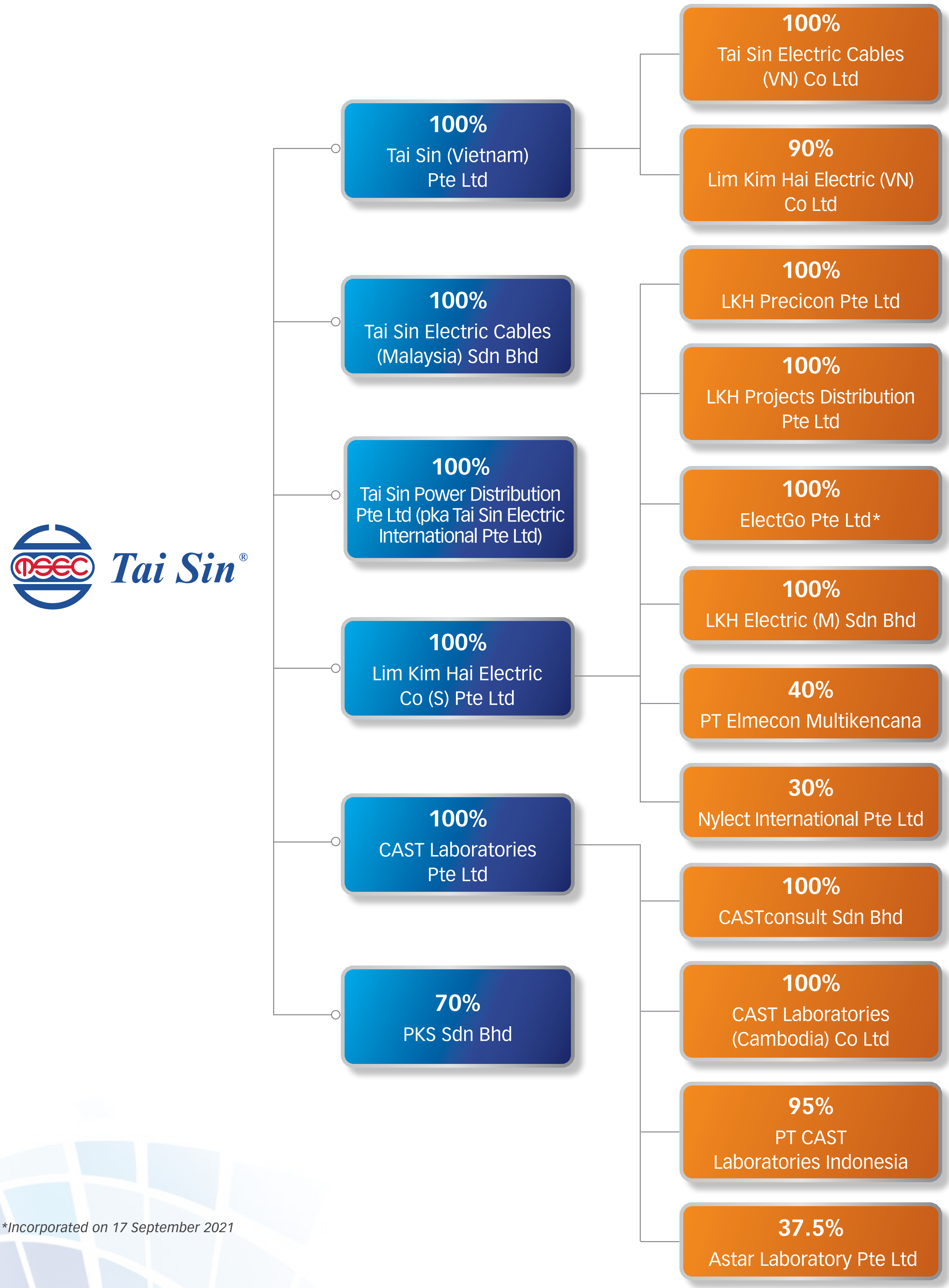
TAN BEE YONG
General Manager – Finance & Accounts;
CAST Laboratories Pte Ltd
Join Since: 2010

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

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

NG KIN CHOY GARY
Director;
CAST Laboratories (Cambodia) Co Ltd
Join Since: 2014

CORPORATE STRUCTURE



*Incorporated on 17 September 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Lim Boon Hock Bernard
Chief Executive Officer / Executive Director

Soon Boon Siong
Non-Executive and Lead Independent Director

Lee Fang Wen
Non-Executive and Independent Director

Renny Yeo Ah Kiang
Non-Executive and Independent Director

AUDIT AND RISK COMMITTEE

Soon Boon Siong
Chairman

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

NOMINATING COMMITTEE

Renny Yeo Ah Kiang
Chairman

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

REMUNERATION COMMITTEE

Lee Fang Wen
Chairman

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

SECRETARY

Tan Shou Chieh

COMPANY REGISTRATION NUMBER

198000057W

REGISTERED OFFICE

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

SHARE REGISTRARS & SHARE TRANSFER OFFICE

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

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Partner-In-Charge:
Rankin Brandt Yeo
Appointed for the year ended 30 June 2021

PRINCIPAL BANKERS

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

SUSTAINABILITY REPORT FY2021

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ABOUT THIS REPORT

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Tai Sin Electric Limited Group of Companies ("Tai Sin" or the "Group") reiterates its commitment towards sustainability with the publication of its latest Sustainability Report ("SR")

This report illustrates our approach in integrating sustainability towards Environment, Social and Governance ("ESG") material issues to showcase the accomplishments and sustainable practices in Tai Sin. Through this report, we hope to share our efforts with the various stakeholders, including our staff, customers, government and national agencies, business partners, suppliers and contractors, investors and the community.

International Standards and Guidelines

Tai Sin adopts the internationally recognised Global Reporting Initiative ("GRI") reporting framework. This SR is approved by the Board of Directors upon our completion which has been prepared in accordance with Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B on a "comply and explain basis". A comprehensive GRI Content Index is also clearly presented while specific disclosures are with reference to appropriate sections in the body of the report.

Reporting Scope and Period

This SR covers Tai Sin's sustainability performance of our operations in Singapore, where Tai Sin is headquartered, for the Financial Year 2021 ("FY2021"), from 1 July 2020 to 30 June 2021 unless otherwise indicated. The reporting period aligns with the Group's financial year. This report is to be read in conjunction with the Group's Annual Report 2021.

Independent Assurance

Tai Sin has not appointed any independent party to provide independent assurance for this report. Nonetheless, we strongly dedicate our efforts towards adhering to the Global Reporting Initiative ("GRI") Standards and SGX-ST requirements while placing integrity at our top priority.

Feedback

We welcome any form of feedback on this report and/or any aspect of our sustainability performance. Kindly address all comments and suggestions to ir@taisin.com.sg.

INTRODUCTION

BOARD STATEMENT

GRI 102-14

This SR showcases Tai Sin's contributions in FY2021 to the environmental and social well-being of the communities where we operate, as we deliver long-term economic value to our stakeholders.

MAINTAINING A STRONG ESG FOCUS

Governance

We strive to adhere to the standards of governance as part of our duty and ethics in our day-to-day operations.

Compliance with Relevant Laws and Regulations

We ensure that Tai Sin's regulatory decisions are inherently public in nature and open to the discipline of public scrutiny as we publish our annual report.

Adherence to Corporate Governance Code

We align our goals to achieve transparency, accountability and integrity to engender investor confidence and achieve long-term sustainable business performance.

Social

Our employees are one of the key factors behind the success of our business. Therefore, providing a safe and encouraging working environment is of our top priority for their well-being.

Adoption of ISO 45001: 2018 and bizSAFE Standards

Accredited by the Singapore Accreditation Council ("SAC") and Workplace Safety and Health ("WSH"), these standards certify that we provide a safe and healthy workplace environment and proactively improve our performance in this aspect.

Emphasis on Regular Trainings and Courses

Our aim is to create a more well-rounded, cross-trained workforce, while increasing our team's effectiveness to navigate in this increasingly technology-driven world.

Environment

We strive to minimise workplace-induced environmental impacts while cultivating sustainable value systems within our staff members.

Adoption of ISO 14001:2015

Accredited by the SAC, this standard certifies that we own a systematic framework to manage our immediate and long-term environmental impacts of our products and processes.

Product Assessment on Environmental Commitment

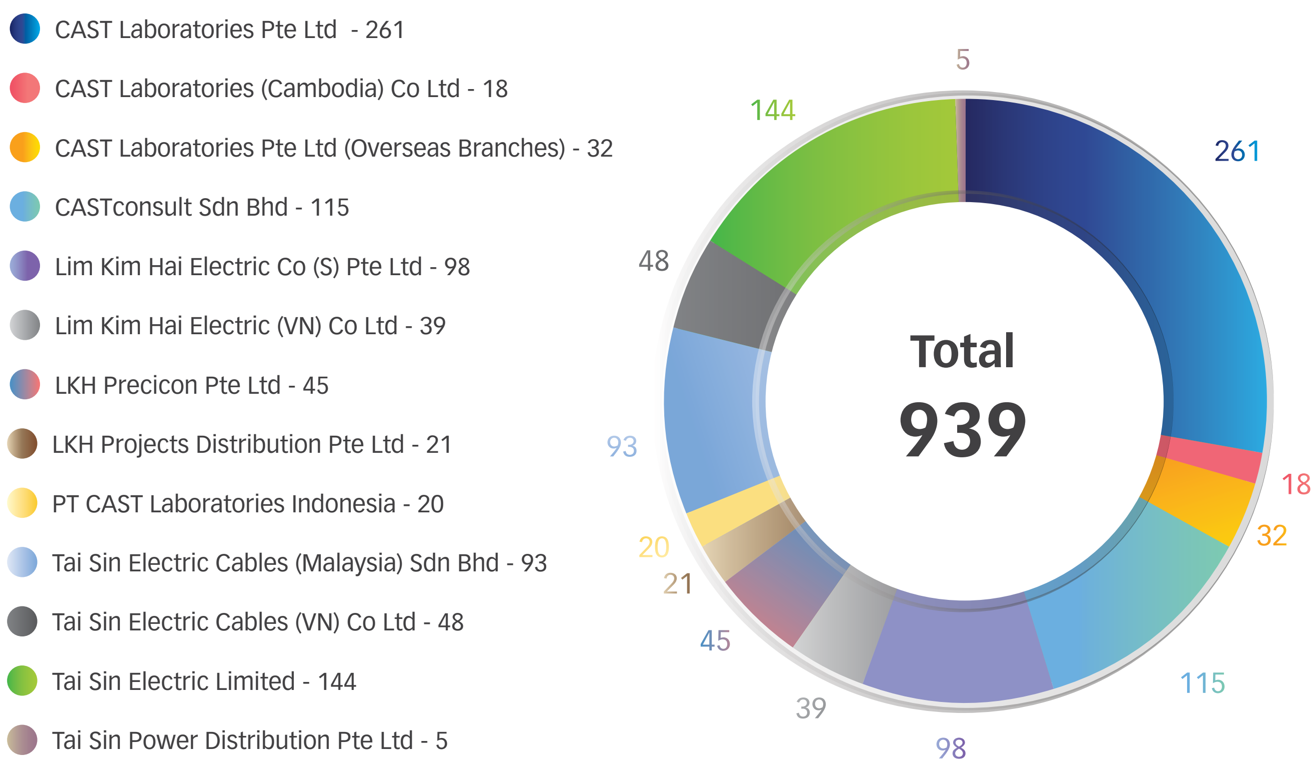
Awarded by the Singapore Green Building Council ("SGBC"), the rating scheme certifies positive performance proven by the products measurements in terms of sustainability against industry benchmarks and standards.

Digitisation of Business Processes

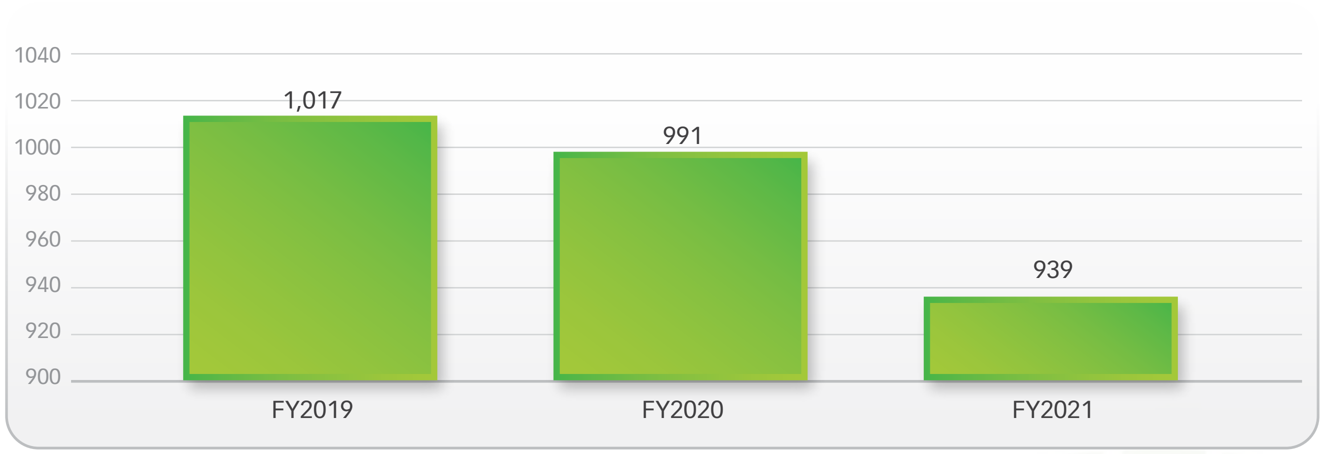
We started digitising our purchase orders, purchase requisition and claims by incorporating electronic processes as an effort to reduce our environmental footprint.

ABOUT TAI SIN
WORKFORCE
GRI 102-7 | 102-8

Total Employees By Company



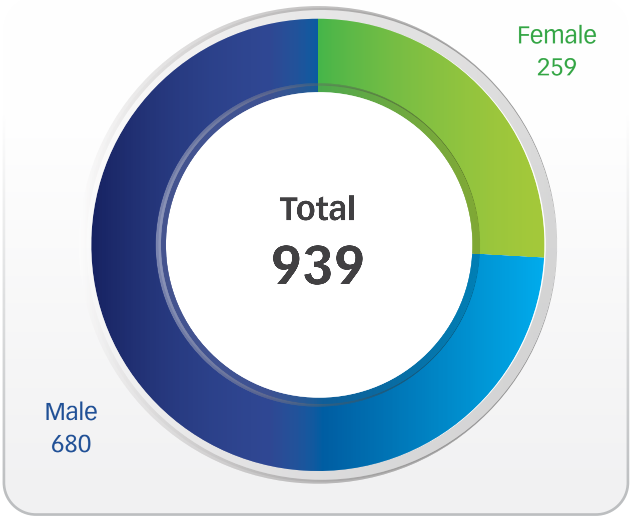
Total Employees Across a 3-Year Period

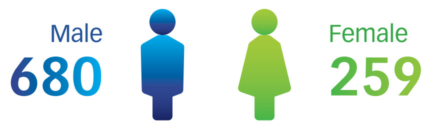


As of 30 June 2021, we have a total of 939 employees across our local and overseas region. Even though there is a slight decrease in the number of employees compared to the last financial year, there has not been any significant reorganisation which has led to this reduction in jobs.

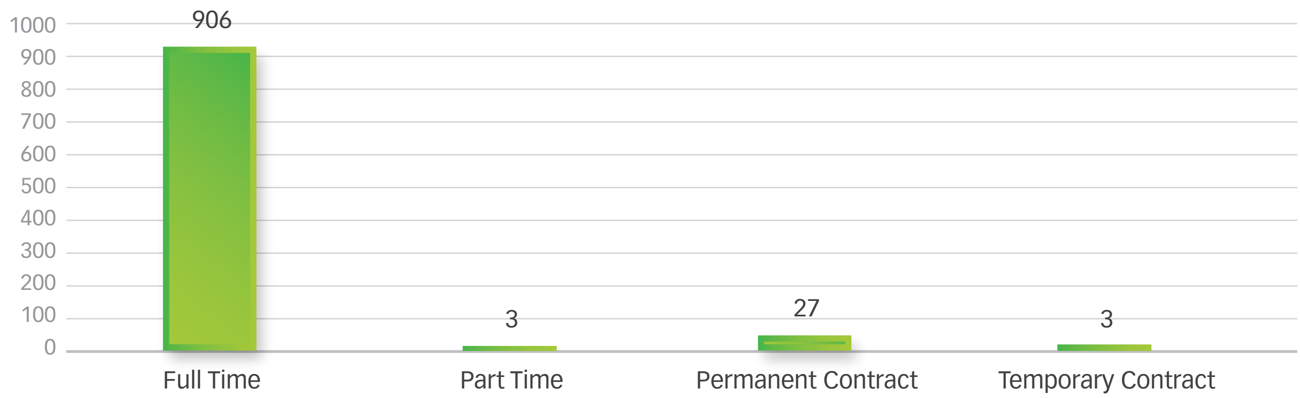
ABOUT TAI SIN
WORKFORCE
GRI 102-7 | 102-8

Total Employees by Gender

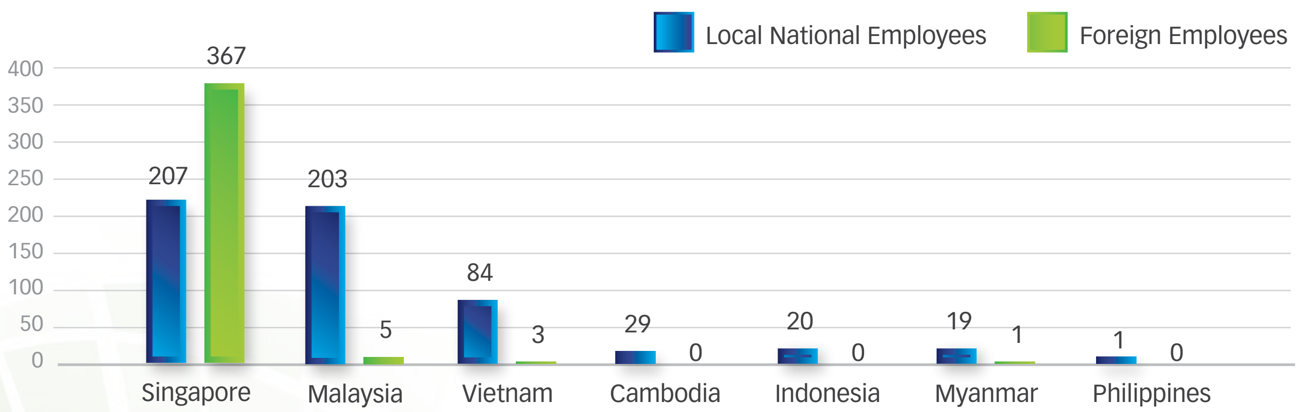




Total Employees by Employment Type



Total Employees by Country



Note: The above charts represent employee data from local and overseas operations of the group for FY2021.

Please see the Appendix on pages 33 to 35 for more detailed data on employee information

SUPPLY CHAIN

GRI 102-9

Cable & Wire ("C&W")

This segment focuses on the production and distribution of high-quality low and medium voltage cables as well as Busbar Trunking Systems to serve the infrastructure, commercial, residential and industrial sectors.

- Acquisition of raw materials needed for cable production (rubber, plastic based ingredients such as PVC grains, copper as the electrical conductor etc.)
- Processing of raw materials through the manufacturing plants using various machines
- Distribution and selling of finished products to dealers, contractors and wholesalers

Electrical Material Distribution ("EMD")

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

- Acquisition of products from manufacturers and storage in warehouses
- Promotion of products through different channels (online, personal selling or roadshows)
- Selling of products to customers (end-users, OEMs, contractors and system integrators)

Test & Inspection ("T&I")

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

- Testing of materials at on-site and in-house laboratories
- Generation of test reports
- Service made to contractors, engineers and consultants

GOVERNANCE

GOVERNANCE STRUCTURE

GRI 102-18

The management team is responsible for overseeing and reviewing the guidelines, at least annually and recommending any proposed changes to the Board of Directors for approval.

MEMBERSHIP AND EXTERNAL CHARTERS

GRI 102-12 | 102-13

We are proud to be members of the following organisations:

1. Singapore National Employers Federation ("SNEF")
2. Singapore Manufacturing Association ("SMA")
3. Singapore Business Federation ("SBF")
4. Singapore Electrical Contractors and Licensed Electrical Workers Association ("SECA")
5. Singapore Electrical Trades Association ("SETA")

Our entities in Singapore have taken up a list of externally developed economic, environmental and social charters, principles as follows:

1. ISO 9001:2015 - Quality Management System
2. ISO 14001:2015 - Environmental Management System
3. ISO 45001:2018 - Occupational Health and Safety Management System
4. bizSAFE STAR, Level 5s - Excellence in WSH Management System
5. bizSAFE Level 3 - Risk Management System

GOVERNANCE
STAKEHOLDER ENGAGEMENT

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

The stakeholders play a part in navigating the future direction of the company in the vital multifaceted sustainability-related initiatives. The key factors in the selection process of our key stakeholder groups includes their representation, responsibility, importance, dependency and proximity.

A stakeholder engagement workshop was executed to identify, prioritise and validate some key material issues in the year ended for June 2018. Thereafter, we conducted a peer benchmarking exercise to supplement the above step. We value stakeholder engagement as a method to create long-term values. In this regard, we will continue to engage and enhance our relationship with stakeholders.

Engagement Methods and Key Concerns

Stakeholder Groups	Engagement Platforms	Engagement Frequency	Concerns Raised	Our Response
Investors	• Annual General Meeting • Half yearly financial results announcement • Annual report • Company website	• Annually • Periodically (depending on the engagement platform)	• Economic performance • Environmental & socio economic compliance	• Practice transparency with our investors through our annual reports and sustainability reports • Maintain regular communication
Suppliers	• Meetings (review sales programmes and performance)	• Monthly	• Economic performance • Materials • Procurement practice	• Provide proper training and education • Form lasting relationships through effective communication
Customers	• Email updates • Formal/ Informal communication (call/ face-to-face)	• Periodically	• Customer health and safety • Energy • Marketing and labelling	• Achieve a high customer satisfactory standard • Produce products and services with high-quality assurance
Regulators	• Minimal engagement		• Employment • Environmental compliance • Occupational health and safety	• Ensure a high commitment to comply with all existing regulations
Management	• Formal/ Informal meetings • Emails • Conference calls (Overseas)		• Economic performance • Employment • Labour/ Management relations	• Committed to achieve business excellence and deliver products and services in a sustainable manner • Promote a culture of open dialogue and clear communication
Employees	• Dialogue sessions with management • Recreational activities • CSR programs		• Employment • Market presence • Occupational health and safety	• Provide opportunities for talent development • Ensure close alignment to the Employment Act by the Ministry of Manpower, as well as our HR policies

GOVERNANCE

MATERIALITY ASSESSMENT

GRI 102-46 | 102-47 | 103-1

We formulated the contents and aspect boundaries of the report adhering to GRI Reporting Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness. We conducted a materiality assessment for our initial report published in FY2018 by engaging with our stakeholders. The final outcome of the workshop helped us identify material issues that are significant to our stakeholders, as well as the ESG impacts generated by our business operations.

Current State Assessment

Performed peer benchmarking to determine material topics commonly reported across the industry and peers.

1

Stakeholder Engagement Workshop

Conducted with respective stakeholders from various business divisions to identify material topics for Tai Sin.

2

Materiality Assessment

Conducted discussion with the management team to prioritise identified material topics for Tai Sin.

3

Annual Review

Assessed relevance of existing material topics with the management team on an annual basis.

4

Material Aspects and Indicators Identified

For FY2021, there is no expansion in the number of material aspects compared to the previous year.

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

SOCIAL

DEVELOPING A DIVERSE AND SKILLED WORKFORCE

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

Our employees are the most valuable asset as part of the company's human resources management. We believe that it is crucial to nurture the talents' skills within the organisation in order to create sustainable success and growth. We hugely emphasise on the strengthening of diversity as we embrace inclusiveness through fair hiring of new staff and promoting existing employees regardless of race, religion, nationality or gender. On top of that, we have been practising a warm culture whereby the welfare and well-being of our employees are of paramount importance to prioritise mutual respect and a strong sense of unity.

At Tai Sin, we dedicate ourselves to the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP") by working in alignment with the 5 principles outlined in the guideline:

Five Principles of the Tripartite Guidelines on Fair Employment Practices

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

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

Comply with Labour Laws
Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices

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

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

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

We also adhere closely to the employment act set up by the Ministry of Manpower ("MOM") for fair and just treatment towards our employees. The Human Resource ("HR") department ensures that the HR policies and guidelines are closely aligned and updated accordingly.

SOCIAL
DEVELOPING A DIVERSE AND SKILLED WORKFORCE
GRI 103-1 | 103-2 | 103-3 | 401-1

FY2021 Performance

New Hires by Age Group (by Company)

Age	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
< 30 Years Old	18	5	2	0	11	2
30 - 50 Years Old	36	6	2	0	6	3
> 50 Years Old	5	4	0	0	1	0

New Hires by Age Group and Gender (as a Group)

Gender	< 30 Years Old		30-50 Years Old		> 50 Years Old	
Male	23	22.77%	41	40.60%	8	7.92%
Female	15	14.85%	12	11.88%	2	1.98%

New Hires by Gender (by Company)

Gender	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Male	50	5	2	0	12	3
Female	9	10	2	0	6	2

New Hires by Nationality (by Company)

Nationality	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Singapore	19	7	3	0	4	4
Malaysia	21	6	1	0	12	1
Others	19	2	0	0	2	0

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

SOCIAL

DEVELOPING A DIVERSE AND SKILLED WORKFORCE

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

FY2021 Performance

Turnover Rate by Age Group (by Company)

Age	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
< 30 Years Old	12	3	1	0	13	0
30 - 50 Years Old	46	3	3	0	7	0
> 50 Years Old	12	16	0	1	13	0

Turnover Rate by Age Group and Gender (as a Group)

Gender	< 30 Years Old		30-50 Years Old		> 50 Years Old	
Male	20	15.4%	52	40.0%	30	23.1%
Female	9	6.9%	7	5.4%	12	9.2%

Turnover Rate by Gender (by Company)

Gender	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Male	61	15	2	0	24	0
Female	9	7	2	1	9	0

Turnover Rate by Nationality (by Company)

Nationality	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Singapore	14	19	2	1	15	0
Malaysia	7	1	2	0	14	0
Others	49	2	0	0	4	0

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

SOCIAL

DEVELOPING A DIVERSE AND SKILLED WORKFORCE

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

As we move towards more digital transformations and other technology adoptions, we lay stress to ascertain that our employees are qualified to offer our customers the best quality of service. Through appropriate training made available to them, they would be equipped with knowledge and skills to master their areas of expertise with a stronger sense of preparation to cope with future challenges. This way, they can both explore untapped potentials and also discover unleashed capabilities with the right resources.

Our employees are kept abreast of the importance of lifelong-learning. Therefore, they are encouraged to actively participate in competency and skill upgrading programmes. Regular talent development programmes and skills upgrade courses are provided to them to hone their existing skills.

FY2021 Performance

After a slow year in 2020 caused by the pandemic, we have been able to resume our training and upskilling effort in 2021 as we move into a new normal. We aim to foster a growth mindset in each of them as innovative thinking would sharpen their agility to be able to keep up to pace with surrounding changes.

Average Training Hours Per Employee

Gender	Executive	Middle Management	Senior Management
Male	12	34	45
Female	8	28	99

In FY2021, the average training hours per employee is 16.1 hours, which surpasses the target of 15 hours for FY2020.

Total Training Hours

Employee Category	Male	Female	Total
Executive	3,814.69	1,119.50	**4,934.19**
Middle Management	1,519.90	660.50	**2,180.40**
Senior Management	1,449.90	594.00	**2,043.90**
Total Training Hours	6,784.49	2,374.00	**9,158.49**

*Please see the Appendix on page 35 for more full details

Total Training Hours by Employment Category

*Please see the Appendix on page 35 for more full details

FY2022 Target

Our aim is to raise our average training hours further from 15 hours to 18 hours by introducing more training programmes and initiatives. One of the ways include setting up an On-The-Job Training Centre to develop customised training contents for their development.

SOCIAL

BUILDING A SAFE AND NURTURING WORKPLACE

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

We also invest our resources into the physical workspace to cater to our employees' safety and mental well-being. A healthy level for both physical and mental well-being will not only allow our employees to perform their tasks safely but also to deliver work at an improved capacity level.

All of Tai Sin's local business entities are also in compliance with the bizSAFE standards regulated by WSH Council. A quarterly review of the safety report is conducted during the operational meeting to stay up to date with the latest regulations and best practices.

FY2021 Performance

Workplace Injury Rate

Indicator*	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Workplace Injury Rate in FY2021	1,533	0	0	0	1,389	0
Workplace Injury Rate in FY2020	0	971	0	0	1,250	NA

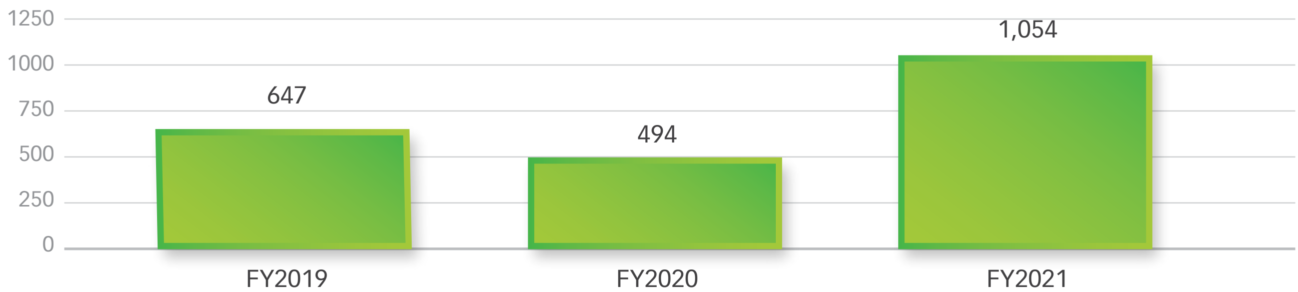
**The figures mentioned here are upon 100,000 employees.*

Absentee Rate

Indicator*	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Absentee Rate in FY2021	1.02	1.73	0.19	0.55	4.75	0.13
Absentee Rate in FY2020	1.40	3.77	0.25	0.43	9.52	NA

**The figures mentioned here are presented in percentage.*

Workplace Injury Across a 3-Year Period



Our occupational disease rate is also maintained at zero for this fiscal period. With the incorporation of working from home, the Group's absentee rate has improved significantly from FY2020 to FY2021 for CLPL, LKHE, LKHP and TSE.

Our workplace injury rate increased from 494 per 100,000 employees in FY2020 to 1,054 per 100,000 employees in FY2021. The increase was caused by six injuries which occurred in FY2021 in comparison to three in FY2020. Out of the six injuries cases, two cases were injured due to an accident caused by an external party. The rest suffered from non-fatal injuries such as minor cuts and falls. The number of fatalities across the three years has remained at zero.

FY2022 Target

Moving forward, we will enforce stronger precautionary measures to maintain a safe work environment. Our aim is to maintain the workplace injury rate below 500 per 100,000 employees and continue keeping the total number of fatalities at zero. We will continue to strive towards minimising our absentee rate and keeping it below 2% for the coming financial year.

ENVIRONMENT

MINIMISING ENVIRONMENTAL IMPACT

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

At Tai Sin, we understand that sustainable operations play a huge role to create values for our stakeholders and to fight against climate change. We aim to accomplish long-term business growth while fulfilling our responsibility of inflicting minimal damage to the environment through our operations.

Some of the measures implemented include the followings steps specifically to:

1. **Avoid Mosquito Breeding**
   - **Immediate disposal of slurry water**
   - **Briefing of good practices and environmental safety**
   - **Regular housekeeping at the worksite and onsite inspection**
   - **Monthly mosquito oil spraying and mosquito fogging**
2. **Air Pollution**
   - **Installation of water scrubber for air remediation purposes in factories**
3. **Oil Pollution**
   - **Proper disposal of oil waste by a licensed contractor**
4. **Noise Pollution**
   - **Annual check on boundary environment noise level**

FY2021 Performance

Consistent measures aside, TSE had made its contribution to reduce carbon footprint by investing in product research and development efforts and was applauded for its environment sustainability efforts by the Singapore Green Building Council ("SGBC"). TSE has been granted "Excellent" and rated three ticks in terms of energy efficiency, water efficiency, resource efficiency, health & environmental protection and other green features.

We started going greener with minimal paper utilisation while showcasing our commitment in supporting paperless communication. Our purchase orders, purchase requisitions and claims will be electronically-processed and less paper-reliant to communicate with suppliers, customers and other relevant parties. We have seen evident positive impact in productivity and cost efficiency while aiming to conserve natural resources.

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

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

FY2022 Target

We aim to maintain a track record of zero incidents of non-compliance with environmental law and regulations for the next financial year and to constantly improve on the environmental management strategies at Tai Sin. We also hope to be rated "Leader" by SGBC for our range of products at TSE to combat environmental impacts.

ANNEXES
APPENDIX

EMPLOYEE INFORMATION (GRI 102-8)						
People	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Total Employees by Gender						
Male	216	43	21	10	113	3
Female	45	55	24	11	31	2
Total Employees	261	98	45	21	144	5
Total Employees by Age Group						
< 30 Years Old	65	19	12	3	21	2
30 - 50 Years Old	156	45	21	16	83	3
> 50 Years Old	40	34	12	2	40	0
Total Employees by Employee Category						
Executive	220	76	34	12	120	5
Middle Management	27	16	7	6	13	0
Senior Management	14	6	4	3	11	0
Total Employees by Employee Type and Gender						
Full Time (Male)	209	38	21	10	109	3
Full Time (Female)	41	50	24	11	25	2
Part Time (Male)	0	0	0	0	0	0
Part Time (Female)	1	0	0	0	0	0
Permanent Contract (Male)	7	5	0	0	4	0
Permanent Contract (Female)	3	5	0	0	3	0
Temporary Contract (Male)	0	0	0	0	0	0
Temporary Contract (Female)	0	0	0	0	3	0
Total Employees by Employee Type and Nationality						
Full Time (SG)	41	55	34	10	34	5
Full Time (Others)	209	33	11	11	100	0
Part Time (SG)	1	0	0	0	0	0
Part Time (Others)	0	0	0	0	0	0
Permanent Contract (SG)	10	10	0	0	7	0
Permanent Contract (Others)	0	0	0	0	0	0
Temporary Contract (SG)	0	0	0	0	0	0
Temporary Contract (Others)	0	0	0	0	3	0

ANNEXES
APPENDIX

EMPLOYMENT (GRI 401-1)						
People	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
New Employee Hires by Age Group and Gender						
< 30 Years Old (Male)	14	0	0	0	7	2
< 30 Years Old (Female)	4	5	2	0	4	0
30 - 50 Years Old (Male)	32	2	2	0	4	1
30 - 50 Years Old (Female)	4	4	0	0	2	2
> 50 Years Old (Male)	4	3	0	0	1	0
> 50 Years Old (Female)	1	1	0	0	0	0
New Employee Hires by Age Group and Nationality						
< 30 Years Old (SG)	8	0	1	0	4	1
< 30 Years Old (Others)	10	5	1	0	7	1
30 - 50 Years Old (SG)	6	3	2	0	0	3
30 - 50 Years Old (Others)	30	3	0	0	6	0
> 50 Years Old (SG)	5	4	0	0	0	0
> 50 Years Old (Others)	0	0	0	0	1	0
New Employee Hires by Employment Type and Gender						
Full Time (Male)	46	4	2	0	10	3
Full Time (Female)	8	9	2	0	3	2
Part Time (Male)	2	0	0	0	0	0
Part Time (Female)	1	0	0	0	0	0
Permanent Contract (Male)	2	1	0	0	0	0
Permanent Contract (Female)	0	1	0	0	0	0
Temporary Contract (Male)	0	0	0	0	2	0
Temporary Contract (Female)	0	0	0	0	3	0
Employee Turnover by Age Group and Gender						
< 30 Years Old (Male)	9	0	0	0	11	0
< 30 Years Old (Female)	3	3	1	0	2	0
30 - 50 Years Old (Male)	42	2	2	0	6	0
30 - 50 Years Old (Female)	4	1	1	0	1	0
> 50 Years Old (Male)	10	13	0	0	7	0
> 50 Years Old (Female)	2	3	0	1	6	0

People	CLPL	LKHE	LKHP	LKHPD	TSE	TSPD
Employee Turnover by Age Group and Nationality						
< 30 Years Old (SG)	5	1	0	0	5	0
< 30 Years Old (Others)	7	2	1	0	8	0
30 - 50 Years Old (SG)	2	2	2	0	0	0
30 - 50 Years Old (Others)	44	1	1	0	7	0
> 50 Years Old (SG)	7	16	0	1	10	0
> 50 Years Old (Others)	5	0	0	0	3	0
Employee Turnover by Employment Type and Gender						
Full Time (Male)	56	4	2	0	15	0
Full Time (Female)	7	5	2	1	2	0
Part Time (Male)	2	1	0	0	0	0
Part Time (Female)	1	0	0	0	0	0
Permanent Contract (Male)	2	10	0	0	5	0
Permanent Contract (Female)	1	2	0	0	6	0
Temporary Contract (Male)	1	0	0	0	4	0
Temporary Contract (Female)	0	0	0	0	1	0
OCCUPATIONAL HEALTH AND SAFETY (GRI 403-2)						
Workplace Injury Rate (per 100,000 Employees)	1,532.57	0.00	0.00	0.00	1,388.89	0.00
Occupational Disease Rate (per 100,000 Employees)	0.00	0.00	0.00	0.00	0.00	0.00
Accident Severity Rate (per 1,000,000 Working Hours)	26.14	0.00	0.00	0.00	40.85	0.00
Absentee Rate (in percentage)	1.02	1.73	0.19	0.55	4.75	0.13
Number of Work-Related Fatality (in Count)	0.00	0.00	0.00	0.00	0.00	0.00
TRAINING AND EDUCATION (GRI 404-1)						
Average Training Hours						
Male	13.85	13.24	34.90	55.00	17.17	0.00
Female	10.78	10.51	16.06	54.59	10.48	0.00
Per Employee	13.32	11.71	24.86	54.79	15.73	0.00
Average Training Hours by Employment Category						
Executive	8.61	7.18	17.68	15.58	14.22	0.00
Middle Management	31.22	26.19	45.79	56.83	19.77	0.00
Senior Management	52.78	30.50	49.25	207.50	27.50	0.00

GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title		Page Reference and/or Explanation for Omissions
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	**Organisational Profile**		
	102-1	Name of the organisation	19
	102-2	Activities, brands, products and services	4
	102-3	Location of headquarters	19 and Corporate Directory
	102-4	Location of operations	Corporate Directory
	102-5	Ownership and legal form	79
	102-6	Markets served	144-148
	102-7	Scale of the organisation	16, 21, 22, 71-72, 144-148
	102-8	Information on employees and other workers	21-22 and 33
	102-9	Supply chain	23
	102-10	Significant changes to the organisation and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	We also acknowledge the importance of reducing our enviromental impact by supporting the Precautionary Principle
	102-12	External initiatives	24
	102-13	Membership of associations	24
	Strategy		
	102-14	Statement from senior decision-maker	20
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behaviour	1-3
	Governance		
	102-18	Governance structure	24
	Stakeholder Engagement		
	102-40	List of stakeholder groups	25
	102-41	Collective bargaining agreements	27% (71 out of 263) are BATU union members for CAST Laboratories Pte Ltd
	102-42	Identifying and selecting stakeholders	25
	102-43	Approach to stakeholder engagement	25
	102-44	Key topics and concerns raised	25
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	19 and 116-125
	102-46	Defining report content and topic Boundaries	19 and 26
	102-47	List all material topics	26
	102-48	Restatements of information	-
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	19
	102-51	Date of most recent report	Not applicable

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Title	Page Reference and/or Explanation for Omissions
GRI 102: General Disclosures 2016	102-52	Reporting cycle	19
	102-53	Contact point for questions regarding the report	19
	102-54	Claims of reporting in accordance with GRI Standards	19
	102-55	GRI content index	36-37
	102-56	External assurance	We are not seeking external assurance for this reporting period
TOPIC-SPECIFIC DISCLOSURES			
Economic Performance			
GRI 102: General Disclosures 2016	103-1	Explanation of the material topic and its Boundary	6-9 and 26 partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	71-149
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26 and 32 partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	32
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26 and 27 partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	28 and 29
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26 and 31 partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	31
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26 and 30 partially compliant
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	30

CORPORATE GOVERNANCE

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

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

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

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

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

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

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board of the Company comprises the following members:

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

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

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

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

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

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

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

(c) challenge Management and review its performance;

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

(e) appoint Key Personnel;

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

CORPORATE GOVERNANCE

(g) assume responsibility for corporate governance; and

(h) ensure transparency and accountability to key stakeholder groups

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

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

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

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

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

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

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

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

During the financial year, the Board held five (5) meetings and the attendance of each Director at every board and committee meeting is as follows:-

	Board	Audit and Risk Committee ("ARC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Number of meetings held	5	4	3	2
Director	Number of meetings attended			
Lim Chye Huat @ Bobby Lim Chye Huat	5	4	3	2
Lim Boon Hock Bernard	5	N.A.	N.A.	N.A.
Soon Boon Siong	5	4	3	2
Lee Fang Wen	5	4	3	2
Renny Yeo Ah Kiang	5	4	3	2

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

During the financial year 2021, Directors kept themselves abreast with regulatory changes, governance topics and other matters which had assisted them in their duties as Directors by attending courses or seminars.

Details of the courses attended with attendance hours totaling 36.0 hours are as follows:–

- SID - AC Pit-Stop Valuation – Addressing Challenges In Uncertain Economic Times
- SID - ACRA-SGX SID Audit Committee Seminar 2021
- SID - Annual Corporate Governance Roundup
- SID - Directors Virtual Conference 2020
- SID - Future Of Corporate Governance
- SID - Leveraging A&T For Internal Control & Fraud Prevention
- SID - Looking Beyond The Pandemic – Important Role Of The AC
- SID - Masterclass – Creating Value At Board-Level - Market Vs Stock Value
- SID - Reviewing Financial Statement & Selecting Auditors
- SID - Singapore Governance & Transparency Index Launch
- SGX - SGX Regulatory Symposium 2021

Access to Information *(Provision 1.6)*

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

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

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

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

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

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

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

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

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

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

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

The Board recognises that Independent Directors will over time, develop significant insights in the Group's business and operations, and continue to provide objective valuable contribution to the Board as a whole. The Board is of the view that the independence of a Director ought not to be determined solely on the basis of a set period of time a Director has served on the Board. Nevertheless, when there are Directors who have served beyond nine years, the NC and the Board will rigorously review their continuing contributions and independence and decide if they should continue with the appointment.

In line with SGX-ST Listing Rule 210(5)(d)(iii) which will take effect from 1 January 2022, any Independent Director who has served the Board for an aggregate period of more than nine years will be subject to the mandatory two-tier shareholder voting process.

As at the end of FY2021, none of the Independent Directors in the Company had served on the Board for more than nine years.

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

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

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

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

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

CORPORATE GOVERNANCE

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

Non-Executive Directors *(Provision 2.5)*

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

Roles and Responsibilities of Chairman *(Provision 3.2)*

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

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

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

CORPORATE GOVERNANCE

BOARD MEMBERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

In line with SGX-ST Listing Rule 210(5)(d)(iii) which will take effect from 1 January 2022, any Independent Director who has served the Board for an aggregate period of more than nine years will be subject to rigorous review by the NC and the Board as to their contributions and independence before seeking approval for their appointment to continue, under the mandated two-tier shareholder voting process in a general meeting.

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

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

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

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

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

All Directors are required to submit to the NC details of other directorships held by them during the financial year as well as information on other major appointments including full-time employment. In such submission, they are required to confirm that they have sufficient time to pay attention to the affairs of the Company. Having reviewed the submissions, in respect of FY2021, the NC is of the view that the Directors are able to carry out their duties as Directors of the Company and that each Director has discharged his duties adequately.

Alternate Directors *(Practice Guidance 4)*

The Company's Constitution provides for the appointment of alternate directors. The Board has decided that it will, as stated in the Code, generally avoid approving the appointment of alternate directors and should any appointment be made, it will be for limited periods only. No alternate director was appointed in FY2021.

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

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

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

CORPORATE GOVERNANCE

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

The selection criteria include attributes such as integrity, diversity of competencies, industry knowledge and financial literacy. The NC seeks potential candidates widely and beyond Directors' / Management's recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

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

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

BOARD PERFORMANCE

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

Formal Process and Performance Assessment

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

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

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

Board Performance Criteria

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

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

Individual Director's Performance Criteria

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

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

Non-Executive Chairman and CEO Performance Criteria

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

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

The NC, without the engagement of an external facilitator, has performed the assessment for FY2021 and is of view that the performance of individual Directors and the Board as a whole, were satisfactory and sufficient time and attention have been given by the Directors in the discharge of their duties to the Group. In addition, the NC had reviewed and confirmed to the Board the independence of the Independent Directors.

For FY2021, the NC had also recommended to the Board the Directors who are due for re-election at the Company's Annual General Meeting in 2021.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

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

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

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

Roles of RC *(Practice Guidance 6)*

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

Remuneration Framework *(Provision 6.3)*

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

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

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

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

Fair and Reasonable Termination Terms *(Provision 6.3)*

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

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

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

The Company sets remuneration packages which:-

(a) align interests of Executive Directors with those of shareholders;

(b) link rewards to corporate and individual performance; and

(c) are competitive and sufficient to attract, retain and motivate Directors and Key Management Personnel with adequate experience and expertise to manage the business and operations of the Group.

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

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

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

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

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

The fees of Non-Executive Directors for FY2021 amounting to $253,000 was approved by shareholders at the last AGM.

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

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

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

The Board has assessed and approved the remuneration framework and the total proposed Director's fees for FY2022 will amount to $253,000.

Director's fees are only payable to Non-Executive Directors. The proposed Director's fees for FY2022 are not payable to Executive Directors.

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

Incentive Components of Remuneration *(Practice Guidance 7)*

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

DISCLOSURE ON REMUNERATION

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

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

No payment was made or granted to any Director, CEO or the top five Key Management Personnel in relation to termination benefit in FY2021.

CORPORATE GOVERNANCE

The remuneration paid to the Directors for services rendered during FY2021 is as follows:-

Name of Director	Remuneration ($'000)	Director's Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
Lim Boon Hock Bernard	1,291	–	39%	61%	100%
Lim Chye Huat @ Bobby Lim Chye Huat	68	100%	–	–	100%
Soon Boon Siong	71	100%	–	–	100%
Lee Fang Wen	57	100%	–	–	100%
Renny Yeo Ah Kiang	57	100%	–	–	100%

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

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

Remuneration Band	Name	Director's Fee	Salary & CPF	Bonus & Other Variable Performance Components	Total
$350,000 to below $400,000	Lim Lian Eng Sharon	–	58%	42%	100%
	Lin Chen Mou	1%	61%	38%	100%
$300,000 to below $350,000	Lim Chai Lai @ Louis Lim Chai Lai	5%	71%	24%	100%
	Ong Wee Heng	9%	71%	20%	100%
$250,000 to below $300,000	Chia Ah Heng	5%	74%	21%	100%

The aggregate remuneration paid to the above personnel was $1.67 million in FY2021.

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

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

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

CORPORATE GOVERNANCE

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

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

Employee Share Scheme *(Provision 8.3)*

Employee Share Option Scheme

The Company does not have a share option scheme.

Remuneration and Performance *(Provision 8.1)*

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

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

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

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Accountability for Accurate Information *(Practice Guidance 9)*

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

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

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

Compliance with Legislative and Regulatory Requirements

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

Management Accounts

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

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

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

Risk Management

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

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

CORPORATE GOVERNANCE

Risk Management Principles

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

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

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

Risk Tolerance

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

These principles are:-

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

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

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

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

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

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

The Risk Management Framework is designed to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded, the risks facing the business are being assessed and all information that may be required to be disclosed is reported to the Board through the ARC. The ARC has reviewed the current Risk Management Framework and together with the Board are of the view that it remains appropriate for the financial year ended 30 June 2021.

Internal Controls

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

CORPORATE GOVERNANCE

Staff / Director Securities Dealing Rules & Procedures

In compliance with Listing Rule 1207(19), the Company's Internal Code Governing Dealings in Securities stipulate that :

(a) Officers of the Tai Sin Group should not deal in Tai Sin's securities on short term considerations; and

(b) Tai Sin and its officers should not deal in the securities of Tai Sin during the period commencing one month before the announcement of its annual or half-year financial results, and ending on the date of announcement of the relevant results.

Prior to amendments to the quarterly reporting framework, quarterly reporting was adopted by the Company. The Company's Internal Code then applicable, stipulated that Tai Sin and its officers should not deal in the securities of Tai Sin during the period commencing two weeks before the announcement of its financial results for each of the first three quarters of its financial year and one month before its financial year, and ending on the date of announcement of the relevant results.

The Company's Internal Code also reminds Officers of the Tai Sin Group that the law on insider dealing is applicable at all times, notwithstanding that the Internal Code may provide certain window periods for Tai Sin or its officers to deal in its securities.

Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

The Board acknowledges its responsibility for the Group's internal controls but recognises that no effective control system will entirely eliminate the risk of misstatement or loss. Based on the internal controls established and maintained by the Group, the work performed by the Internal Auditors, the review undertaken by the External Auditors as part of their statutory audit, supervision by Management and in the absence of any evidence to the contrary, the Board, with the concurrence of the ARC, is of the opinion that the Group's existing system of internal controls is adequate in addressing financial, operational, compliance and information technology risks as at 30 June 2021.

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

The ARC and the Board have received assurance:-

(a) from the CEO and CFO that the financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2021 give a true and fair view of the Group's operations and finances; and

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

Based on the framework of risk management controls and internal controls established and maintained in the Group, the work performed by the internal auditors, the review undertaken by the external auditors as part of their statutory audit and the written assurance from the CEO and CFO that the financial records have been properly maintained, the Board is of the opinion that the Group's risk management and internal control systems are adequate and effective for the financial year ended 30 June 2021.

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

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

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

AUDIT COMMITTEE

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

ARC Membership *(Provision 1.4, 10.2)*

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

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

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

Expertise of ARC Members

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

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

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

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

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

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

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

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

(e) Reviewing interested person transactions; and

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

CORPORATE GOVERNANCE

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

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

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

The ARC reviewed the non-audit services provided by the External Auditors ("EA") as part of the ARC's assessment of the EA's independence. The ARC is satisfied that the nature and extent of such services would not conflict with the independence of the EA. The ARC is satisfied with the independence and objectivity of the EA. The aggregate fee of $360 thousand was paid to the external auditors of the Company, of which $60 thousand was for non-audit services.

Whistle-Blowing Policy *(Provision 10.1)*

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

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

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

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

Activities of ARC *(Provision 10.1, 10.5)*

<u>ARC Meetings</u>

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

<u>Review of Financial Statements</u>

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

CORPORATE GOVERNANCE

Meetings with Internal Auditors

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

The ARC was briefed by the IA on its Internal Audit Plan for the financial year 30 June 2022. The said plan was accepted without any amendments for the Board's concurrence.

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

Meetings with External Auditors

The ARC met with the EA on two (2) occasions during the year. The first meeting was held in August 2020 where the EA, without the presence of Management, was asked among other matters, for their feedback on the support it received from management. Additionally, the ARC was briefed on the findings and procedure performed to address the significant risks and areas of audit focus and their determination of Key Audit Matters ("KAMs") in our Annual Report. The EA's Independent Auditor's Report containing the KAMs for the financial year ended 30 June 2020 was published in our Annual Report 2020.

In the second meeting held in May 2021, the EA presented its Planning Report to the ARC for the financial year ended 30 June 2021. The ARC was briefed, amongst other matters, on the EA's risk assessment process and the methodology used in the selection of our significant risks and areas of audit focus and KAMs for the financial year ended 30 June 2021.

The identified KAMs impacting our 2021 financial statements are as follows:

KAMs	How the issues were addressed by the ARC
Loss allowance for trade receivables	The ARC reviewed Management's Expected Credit Loss ("ECL") assessment on trade receivables which is determined based on the historical credit loss rates, adjusted for factors that are specific to debtors and economic environment, such as the ongoing effects of COVID-19 outbreak which has adversely impacted the customers' businesses and Management's assessment on the financial position and capability in making their repayment. For loss allowance recognised for individually identified debtors, the ARC reviewed Management's assessment on credit quality and recoverability of these debtors such as subsequent receipts, payment history, settlement agreement and / or the ongoing business relationship with the debtors involved. The ARC concluded that the method of estimating the carrying value of trade receivables as well as the level of allowance were appropriate.
Provision for onerous contracts	The ARC reviewed Management's process over the monitoring and review of the provision for the onerous contracts and the policy in place to determine the level of provision required. The ARC also evaluated the appropriateness of the group's policy and basis used in the computation of the expected economic benefits and unavoidable costs in the onerous contracts that include copper prices, outstanding quantity of copper for delivery, hedged copper quantity, quantity of finished goods on hand that can be used to fulfil onerous contracts and percentage of copper costs in cables. After discussion, the ARC concluded that the method of estimating the value of provision for onerous contracts remain appropriate.

CORPORATE GOVERNANCE

Review of Re-appointment of External Auditors

The Board has accepted the ARC's recommendation to re-appoint Deloitte & Touche LLP ("D&T") as Auditors at our 2021 AGM. The ARC's recommendation was made in compliance with Rule 712 of the SGX-ST Listing Rules ("Listing Rules") and having given due consideration to the adequacy of the resources, experience and competence of D&T. The ARC had also taken into account the Audit Quality indicators relating to the experience of the engagement partner and key team members' experience; the audit hours spent by senior audit team members in auditing the Group; the training received by the audit team during the year; and the internal and external inspection results of senior team members. Furthermore, pursuant to Rule 1207(6) of the Listing Rules, the ARC is of the opinion that D&T's provision of non-audit services to the Group during the financial year would not affect their independence. D&T has also confirmed to the ARC that they are registered with the Accounting and Corporate Regulatory Authority.

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

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

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

Internal Auditors *(Provision 10.4) & Listing Manual Rule 1207(c)*

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

Our IA, UHY-LSC is a corporate member of the Institute of Internal Auditors Singapore. The engagement with the IA stipulates that its work shall comply with Business Process Auditing Methodology which is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

UHY-LSC is a CPA firm established in 1967 and offering diversified business advisory services in Singapore and Malaysia (Johor Bahru and Kuala Lumpur). It is a member of UHY International, a leading network of independent accounting and consulting firms established in 1986, with offices in 330 major business centres across 100 countries. The firm has more than 15 years of experience in providing IA outsourcing services to listed companies and non-profit organizations.

The IA engagement team comprises the Engagement Partner, Engagement Manager, Engagement Team Leader and other team members. Key credentials of the engagement team members are as follows:

(a) Engagement Partner (Lee Sen Choon) is the Managing Partner and Group Executive Chairman of UHY-LSC. Among other qualifications, Mr Lee is a Chartered Accountant (Singapore) with Certificate for Practice with ISCA and Public Accountant registered with ACRA. He is also a Member of The Institute of Internal Auditors (IIA).

(b) Engagement Manager (Cecilia Lim) is the Senior Internal Audit Manager of UHY-LSC. She is a Chartered Accountant (ISCA) and a Member of IIA. She has more than 20 years' experience in internal audit.

(c) Engagement Team Leader (Jeslyn Wong) is the Internal Audit Assistant Manager of UHY-LSC and she has more than 10 years' experience in internal audit. She is a Member of ISCA and IIA.

The ARC has in its annual review determined that all the members of the UHY-LSC engagement team are independent and that UHY-LSC is adequately resourced with the engagement team being qualified, effective and experienced to act as the Company's IA.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

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

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

During the financial year under review, the Company's AGM was held by way of electronic means on 29 October 2020 ("AGM 2020"), pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("AAFM Order 2020"). Shareholders was not be able to attend AGM 2020 in person.

The Company's forthcoming AGM scheduled to be held in October 2021 will also be convened and held via electronic means pursuant to the AAFM Order 2020.

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

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

Voting by Poll

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

Absentia Voting *(Provision 11.4)*

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

However, as AGM 2020 was convened and held by electronic means pursuant to the AAFM Order 2020, shareholders could only vote by appointing the Chairman of the meeting as their proxy to vote on their behalf. The poll voting results of all votes cast for or against each resolution were made available at the meeting and subsequently announced via SGXNET after the meeting.

CORPORATE GOVERNANCE

Proxies for Nominee Companies

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

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

Attendees at General Meetings *(Provision 11.3)*

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

Minutes of General Meetings *(Provision 11.5)*

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

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

However, under the alternative arrangements for the conduct of AGM 2020 convened and held pursuant to the AAFM Order 2020, minutes of AGM 2020 held on 29 October 2020 was as required, published on its corporate website and on SGXNET within the stipulated time.

Dividend Policy *(Provision 11.6)*

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

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

ENGAGEMENT WITH SHAREHOLDERS

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

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

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

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

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

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

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

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

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

However, under the alternative arrangements for the conduct of AGM 2020 convened and held by electronic means pursuant to the AAFM Order 2020, shareholders were not able to physically attend the meeting. Shareholders were able to submit questions to the Company in advance of the meeting and substantial and relevant questions were addressed before the meeting in an announcement via its corporate website and on SGXNET.

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

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

ENGAGEMENT WITH STAKEHOLDERS

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

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

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

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

CORPORATE GOVERNANCE

CODE OF CONDUCT

The Company has adopted a suite of policies addressing Code of Conduct which defines the Group's business principles and practices with respect to matters which may have ethical implications.

Such policies has been disseminated and made available to all employees through the respective Human Resources Departments of the respective companies within the Group in the native language depending in the country of operation of the companies.

These policies provide a framework for employees to observe the Group's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Group's business with the various stakeholders.

INTERESTED PERSON TRANSACTIONS (LISTING MANUAL RULE 907)

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

During FY2021, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group.

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

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

MATERIAL CONTRACTS (LISTING MANUAL RULE 1207(8))

During FY2021, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

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

The Company has adopted an Internal Code Governing Dealings In Securities in line with the Listing Rule 1207(19).

This Internal Code provides guidance and prescribes the internal regulations with regards to dealings in the Company's securities by its officers, stipulating that:-

(a) Officers of the Tai Sin Group should not deal in Tai Sin's securities on short term considerations; and

(b) Tai Sin and its officers should not deal in the securities of Tai Sin during the period commencing one month before the announcement of its annual or half-year financial results, and ending on the date of announcement of the relevant results.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 30 June 2021.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 71 to 149 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 30 June 2021, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Executive

Lim Boon Hock Bernard (Chief Executive Officer)

Non-executive

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

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Tai Sin Electric Limited	Number of shares			
Lim Chye Huat @ Bobby Lim Chye Huat	30,204,134	30,436,234	–	–
Lim Boon Hock Bernard	69,893,941	71,781,841	3,616,195	3,616,195

The directors' interests in the shares of the company at 21 July 2021 were the same as at 30 June 2021.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

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

(b) *Option exercised*

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

(c) *Unissued shares under option*

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

5 AUDIT AND RISK COMMITTEE

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

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

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

c) the audit plans of the external auditors;

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

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

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

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

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

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lim Boon Hock Bernard

Lim Chye Huat @ Bobby Lim Chye Huat

29 September 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tai Sin Electric Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 149.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Key audit matters	How the matter was addressed in the audit
Loss allowance for trade receivables As at 30 June 2021, the group has trade receivables of $87.73 million (2020 : $57.86 million), representing 40.8% (2020 : 32.0%) of the group's current assets. The group determines the expected credit loss ("ECL") of trade receivables by using an allowance matrix that is based on its historical credit loss experience, debtors' ability to pay and any relevant forward-looking information that may be specific to the debtors and economic environment. The recoverability and ECL assessments require the exercise of significant judgement, assumptions and estimates by management. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables. The group's disclosure on trade receivables is set out in Note 7 to the financial statements.	We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of loss allowance for trade receivables. We discussed with management and assessed the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates and reviewed data and information used by management in the ECL model. We reviewed forward-looking information that are specific to the debtors and economic environment, such as the ongoing effects of COVID-19 outbreak which has adversely impacted the customers' businesses and management's assessment on the financial position and capability of top debtors in making repayments. We reviewed collections during the year and subsequent to the year-end. We also recomputed management's calculation for the loss allowance and tested the adequacy of prior year allowance by comparing against actual loss incurred in the current year. For loss allowance recognised for individually identified debtors, we evaluated and reviewed management's assessment on credit quality and recoverability by considering amongst other factors such as subsequent receipts, payment history, settlement agreements and/or the ongoing business relationship with the debtors involved. We assessed the adequacy of disclosures made by management in respect of loss allowance for trade receivables.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Key audit matters	How the matter was addressed in the audit
Provision for onerous contracts The group enters into sales contracts with customers for delivery of cables at a fixed sales price. The group's gross margins under such contracts are exposed to the fluctuations in copper prices as the costs of manufacturing cables for delivery fluctuates while sales prices remain fixed. At each reporting date, management makes an assessment whether contracts are deemed onerous using outstanding quantity for copper delivery and prevailing copper prices. As at 30 June 2021, the prevailing copper price is higher than the fixed sales price of certain contracts with deliveries expected between one to five years in the future. Consequently, the group recorded provision for onerous contracts amounting to $22.7 million (2020 : $Nil) to cost of sales. This assessment involves the exercise of significant judgement in determining the estimates of unavoidable costs to fulfill contract, which include copper prices, outstanding quantity of copper for future delivery, timing of future delivery, hedged copper quantity, quantity of finished goods on hand that can be used to fulfil onerous contracts, percentage of copper costs in cables, and whether the provision for onerous contracts is adequate. The group's disclosure on provision for onerous contracts is set out in Note 24 to the financial statements.	We performed procedures to understand management's process over the monitoring and review of the provision for onerous contracts and the policy in place to determine the level of provision required. We discussed with management and evaluated the appropriateness of the group's policy and basis used in the assessment of provision for onerous contracts, and recalculated the provision recorded, including testing the completeness and accuracy of the contracts data used on a sample basis. We also assessed the reasonableness of the assumptions used in the computation of the expected economic benefits and the unavoidable costs in the onerous contracts. Assumptions and unavoidable costs reviewed include: copper prices, outstanding quantity of copper for delivery, hedged copper quantity, quantity of finished goods on hand that can be used to fulfil onerous contracts and percentage of copper costs in cables. We assessed the adequacy of disclosures made by management in respect of provision for onerous contracts.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Tai Sin Electric Limited

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

29 September 2021

STATEMENTS OF FINANCIAL POSITION

30 June 2021

		Group		Company	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS					
Current assets					
Cash and bank balances	6	39,329	33,501	19,199	12,918
Trade receivables	7	87,730	57,855	43,762	24,230
Other receivables	8	5,004	5,270	5,857	3,472
Contract assets	9	5,681	2,070	–	–
Derivative financial instruments	10	7,241	3,079	7,241	3,079
Inventories	11	69,937	78,920	34,035	46,525
Assets classified as held for sale	12	158	–	–	–
Total current assets		215,080	180,695	110,094	90,224
Non-current assets					
Other receivables	8	445	12	437	638
Derivative financial instruments	10	6,640	–	6,640	–
Subsidiaries	13	–	–	47,516	43,190
Associates	14	10,481	10,198	–	–
Investment in quoted shares		4	2	–	–
Property, plant and equipment	15	39,465	38,371	11,494	13,353
Right-of-use assets	16	14,762	10,913	4,376	4,740
Investment properties	17	3,031	2,940	–	–
Intangible assets	18	–	159	–	–
Deferred tax assets	19	3,403	93	3,342	–
Total non-current assets		78,231	62,688	73,805	61,921
Total assets		293,311	243,383	183,899	152,145
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	20	17,740	20,548	2,602	9,679
Trade payables	21	28,541	16,031	10,261	1,715
Other payables	22	10,354	9,149	3,632	2,474
Contract liabilities	23	1,584	1,202	77	32
Provision for onerous contracts	24	22,687	–	22,687	–
Lease liabilities	25	905	1,137	306	324
Income tax payable		7,141	2,221	5,372	1,110
Total current liabilities		88,952	50,288	44,937	15,334
Non-current liabilities					
Bank borrowings	20	437	–	437	–
Other payables	22	194	159	–	–
Lease liabilities	25	10,762	9,611	4,218	4,495
Deferred tax liabilities	19	946	1,253	–	560
Total non-current liabilities		12,339	11,023	4,655	5,055

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

30 June 2021

		Group		Company	
	Note	2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Capital, reserves and non-controlling interests					
Share capital	26	63,712	63,712	63,712	63,712
Treasury shares	27	(950)	(950)	(950)	(950)
Reserves	28	127,477	117,736	71,545	68,994
Equity attributable to the owners of the company		190,239	180,498	134,307	131,756
Non-controlling interests		1,781	1,574	–	–
Total equity		192,020	182,072	134,307	131,756
Total liabilities and equity		293,311	243,383	183,899	152,145

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2021

	Note	Group	
		2021	**2020**
		$'000	**$'000**
Revenue	29	298,442	276,414
Cost of sales		(257,069)	(232,054)
Gross profit		41,373	44,360
Other operating income	30	20,157	7,573
Selling and distribution expenses		(18,403)	(19,350)
Administrative expenses		(19,433)	(18,577)
Other operating expenses		(2,025)	(1,153)
Finance costs	31	(781)	(1,089)
Share of profit of associates	14	430	650
Profit before income tax		21,318	12,414
Income tax expense	32	(3,807)	(2,388)
Profit for the year	33	17,511	10,026
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(662)	309
Changes in share of other comprehensive income (loss) of associates	14	42	(69)
Other comprehensive (loss) income for the year, net of tax		(620)	240
Total comprehensive income for the year		16,891	10,266
Profit for the year attributable to:			
Owners of the company		17,282	9,702
Non-controlling interests		229	324
		17,511	10,026
Total comprehensive income attributable to:			
Owners of the company		16,684	9,928
Non-controlling interests		207	338
		16,891	10,266
Earnings per share			
Basic (cents)	34	3.75	2.14
Diluted (cents)	34	3.75	2.14

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2021

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

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2021

	Note	Share capital	Treasury shares	Reserves: Foreign currency translation reserve	Reserves: Other reserve	Accumulated profits	Equity attributable to shareholders of the company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance at 1 July 2020		63,712	(950)	(131)	(1,040)	118,907	180,498	1,574	182,072
Total comprehensive income for the year:									
Profit for the year		–	–	–	–	17,282	17,282	229	17,511
Other comprehensive loss for the year		–	–	(598)	–	–	(598)	(22)	(620)
Total		–	–	(598)	–	17,282	16,684	207	16,891
Transactions with owners, recognised directly in equity:									
Share of post-acquisition reserve from an associate		–	–	–	(39)	–	(39)	–	(39)
Final dividend for the previous financial year paid	35	–	–	–	–	(3,452)	(3,452)	–	(3,452)
Interim dividend for the financial year paid	35	–	–	–	–	(3,452)	(3,452)	–	(3,452)
Total		–	–	–	(39)	(6,904)	(6,943)	–	(6,943)
Balance at 30 June 2021		63,712	(950)	(729)	(1,079)	129,285	190,239	1,781	192,020

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 30 June 2021

	Note	Share capital	Reserves		Total equity
			Treasury shares	Accumulated profits	
		$'000	$'000	$'000	$'000
Company					
Balance at 1 July 2019		58,641	(950)	74,559	132,250
Profit for the year, representing total comprehensive income for the year		–	–	4,537	4,537
Transactions with owners, recognised directly in equity:					
Issue of shares pursuant to Scrip Dividend Scheme	35	5,071	–	(5,071)	–
Final dividend for the previous financial year paid	35	–	–	(1,579)	(1,579)
Interim dividend for the financial year paid	35	–	–	(3,452)	(3,452)
Total		5,071	–	(10,102)	(5,031)
Balance at 30 June 2020		63,712	(950)	68,994	131,756
Profit for the year, representing total comprehensive income for the year		–	–	9,455	9,455
Transactions with owners, recognised directly in equity:					
Final dividend for the previous financial year paid	35	–	–	(3,452)	(3,452)
Interim dividend for the financial year paid	35	–	–	(3,452)	(3,452)
Total		–	–	(6,904)	(6,904)
Balance at 30 June 2021		63,712	(950)	71,545	134,307

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2021

	Group	
	2021	2020
	$'000	$'000
Operating activities		
Profit before income tax	21,318	12,414
Adjustments for:		
Depreciation of property, plant and equipment	5,122	5,423
Depreciation of investment properties	52	51
Depreciation of right-of-use assets	1,359	1,232
Amortisation expense	159	232
Interest income	(169)	(78)
Interest expense	781	1,089
Gain on disposal of property, plant and equipment	(23)	(13)
Property, plant and equipment written off	30	97
Bad debts written off	5	42
Loss allowance for trade and other receivables	1,509	1,014
Provision for onerous contracts	22,687	–
Inventories written off	400	413
Reversal of allowance for inventories obsolescence	(28)	(25)
Gain on revaluation of investment in quoted shares	(2)	(2)
Fair value adjustments on derivative financial instruments taken to profit or loss	(10,802)	(2,642)
Share of profit of associates	(430)	(650)
Operating cash flows before movement in working capital	41,968	18,597
Trade receivables	(31,736)	31,901
Other receivables	(154)	(1,964)
Contract assets	(3,660)	1,677
Inventories	8,301	(10,928)
Trade payables	12,569	(6,236)
Other payables	1,257	2,421
Contract liabilities	392	(50)
Cash generated from operations	28,937	35,418
Income tax paid	(2,597)	(2,314)
Net cash from operating activities	26,340	33,104

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2021

	Group	
	2021	2020
	$'000	$'000
Investing activities		
Acquisition of an associate	–	(500)
Purchase of property, plant and equipment	(6,666)	(4,047)
Purchase of investment property [(a)]	(74)	–
Purchase of quoted shares	–	–*
Proceeds from disposal of property, plant and equipment	224	245
Dividend received from an associate	150	72
Interest received	169	78
Net cash used in investing activities	(6,197)	(4,152)
Financing activities		
Proceeds from bank borrowings	53,339	75,556
Repayment of bank borrowings	(55,632)	(80,624)
Repayment of principal portion of lease liabilities	(4,293)	(1,047)
Interest paid	(781)	(1,089)
Dividends paid [(b)]	(6,904)	(5,031)
Dividends paid to non-controlling interests	–	(28)
Net cash used in financing activities	(14,271)	(12,263)
Net increase in cash and cash equivalents	5,872	16,689
Cash and cash equivalents at beginning of year	33,501	16,822
Effects of exchange rate changes on the balance of cash held in foreign currencies	(44)	(10)
Cash and cash equivalents at end of year	39,329	33,501

* Amount less than $1,000.

Notes:

(a) Purchase of investment property

During the financial year, the Group acquired investment property with an aggregate cost of $157,000 (2020 : $Nil) of which $83,000 (2020 : $Nil) was acquired by means of settlement with trade receivables. Cash payment of $74,000 (2020 : $Nil) was made to purchase investment property.

(b) Dividends paid

During the financial year ended 30 June 2020, the Group allotted and issued 16,904,076 new shares at an issue price of $0.30 per share pursuant to the Scrip Dividend Scheme. Cash payments of $5,031,000 were made for the dividends.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

1 GENERAL

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

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

The principal activities of the subsidiaries and associates are stated in Notes 13 and 14 respectively to the financial statements.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended 30 June 2021 were authorised for issue by the Board of Directors on 29 September 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 July 2020, the group and the company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the group's and the company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

CHANGE IN ACCOUNTING POLICY - On 1 July 2020, the group and the company changed their accounting policy with respect to the cost of raw materials for manufacturing entities from first-in-first-out basis to weighted-average method. The group believes that subsequent measurement of cost of raw materials using the weighted-average method results in consistency on the accounting treatment for its inventories. The change in accounting policy was not applied retrospectively as the impact of restating prior year's comparative was not considered material.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Amortised cost and effective interest method

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

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

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

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

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

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

Financial assets at FVTPL

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

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

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

Impairment of financial assets

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

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

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

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

Significant increase in credit risk

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

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

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

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

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

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

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

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

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

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

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

Definition of default

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Credit-impaired financial assets

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

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

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

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

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

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

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

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

Financial assets (cont'd)

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

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

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

Derecognition of financial assets

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

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

Derivative financial instruments

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Foreign exchange gains and losses

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

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

Derecognition of financial liabilities

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

Leases

The group as lessee

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

The group as lessee (cont'd)

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

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

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

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

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

The group as lessee (cont'd)

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

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

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

The group as lessor

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

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

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

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

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

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

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVENTORIES (Before 1 July 2020) - Inventories are stated at the lower of cost and net realisable value. Inventories comprise cable and wire products, electrical and electronic components and products, lights and lighting components by the various subsidiaries and raw materials, work-in-progress and finished goods for the company and other manufacturing entities. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

INVENTORIES (From 1 July 2020) - Inventories are stated at the lower of cost and net realisable value. Inventories comprise cable and wire products, electrical and electronic components and products, lights and lighting components by the various subsidiaries and raw materials, work-in-progress and finished goods for the company and other manufacturing entities. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

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

Freehold property	–	2% to 2.50%
Leasehold land and buildings	–	1.75% to 20%
Office equipment and furniture	–	7.50% to 33%
Plant and machinery	–	10% to 33%
Motor vehicles	–	10% to 20%

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

Depreciation is not provided on freehold land.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVESTMENT PROPERTIES - Investment properties, which are properties held to earn rentals, is carried at cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write off the cost of the investment property over its estimated useful life at an annual rate of 2.50% using the straight-line method.

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

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

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

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

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

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

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

Customer relationships	–	9 years
Proprietary application software	–	5 years

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

Onerous contracts

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

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

Rendering of services

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

Interest income

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

Dividend income

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

(b) Key sources of estimation uncertainty

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

i) Loss allowance for trade receivables

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

The group determines the ECL of trade receivables by using an allowance matrix that is based on its historical credit loss experience, debtors' ability to pay and any relevant forward-looking information that may be specific to the debtors and economic environment.

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

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

ii) Allowance for inventories

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

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

iii) Impairment of investments in subsidiaries and associates

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

The carrying amount of investments in and advances to subsidiaries at the end of the reporting period was $47,516,000 (2020 : $43,190,000), net of impairment loss of $Nil (2020 : $69,000) as disclosed in Note 13 to the financial statements.

The carrying amount of investments in associates at the end of the reporting period is disclosed in Note 14 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

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

iv) Provision for onerous contracts

The policy for provision of onerous contracts for the group is based on management's judgement and evaluation of the estimated losses arising from the differences between (1) the committed selling prices and estimated cost of sales for the unfulfilled sales quantities committed in respect of contracts for which delivery has substantially commenced by the end of the financial year and (2) the committed prices and estimated cost for the services committed in respect of uncompleted contracts.

A considerable amount of judgement is required in assessing the unavoidable costs of meeting the obligations under the contract. This determination requires management to evaluate and estimate, among other factors copper prices, the outstanding quantity of copper for future delivery and the timing of future delivery, the hedged copper quantity, the quantity of finished goods on hand that can be used to fulfil onerous contracts and the percentage of copper costs in cables.

The provision for onerous contracts at the end of the reporting period is disclosed in Note 24 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised costs	135,334	94,922	68,960	40,849
Derivative financial instruments	13,881	3,079	13,881	3,079
Financial liabilities				
Financial liabilities at amortised costs	56,657	42,383	16,646	13,089
Lease liabilities	11,667	10,748	4,524	4,819

(b) Financial risk management policies and objectives

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

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

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

i) Foreign exchange risk management

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

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

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

	Group			
	Liabilities		Assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
United States dollar	10,932	5,129	6,805	8,828
Euro	231	87	36	66
Malaysian ringgit	1	18	631	835
Singapore dollar	39	1	4	22

	Company			
	Liabilities		Assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
United States dollar	8,922	1,221	1,847	4,067
Euro	200	52	1	–
Malaysian ringgit	–	20	–	–

Management enters into short-term forward foreign currency exchange contracts to manage foreign currency exchange rate risk. The group's commitments on forward foreign exchange contracts at 30 June 2021 and 2020 are disclosed in Note 10.

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

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

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

i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

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

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

	United States dollar impact		Euro impact		Singapore dollar impact		Malaysian ringgit impact	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit or loss	(2,553)	(1,792)	20	2	(147)	(2)	(63)	(82)
Company								
Profit or loss	(2,258)	(1,707)	20	5	NA	NA	–	2

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

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

ii) Interest rate risk management

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

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

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at 30 June 2021, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from:

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

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

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

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

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

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

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

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

30 June 2021	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	91,806	(4,076)	87,730
Other receivables	8	Performing	12-month ECL	2,607	(13)	2,594
				94,413	(4,089)	90,324
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	44,933	(1,171)	43,762
Other receivables	8	Performing	12-month ECL	5,999	–	5,999
				50,932	(1,171)	49,761

30 June 2020	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	61,052	(3,197)	57,855
Other receivables	8	Performing	12-month ECL	1,528	(32)	1,496
				62,580	(3,229)	59,351
Company						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	25,380	(1,150)	24,230
Other receivables	8	Performing	12-month ECL	3,701	–	3,701
				29,081	(1,150)	27,931

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

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

iv) Credit risk management

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

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

The group and company are exposed to a concentration of credit risk as trade receivables amounting to about 7% (2020 : 6%) and 15% (2020 : 16%) respectively are due mainly from one key customer (2020 : one key customer) with good payment history.

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

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

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

Trade receivables consist of a large number of customers spread across diverse geographical areas. The credit risk for gross trade receivables based on geographical location is as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	68,692	41,771	42,936	22,601
Malaysia	13,701	10,634	533	180
Brunei	1,556	3,744	158	35
Vietnam	3,531	2,749	230	1,967
Indonesia	3,405	1,163	540	74
Thailand	121	72	74	3
Myanmar	479	687	462	520
Cambodia	88	54	–	–
Others	233	178	–	–
Total gross trade receivables	91,806	61,052	44,933	25,380

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

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

v) Liquidity risk management

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

As at 30 June 2021, the group and company had $39.3 million (2020 : $33.5 million) and $19.2 million (2020 : $12.9 million) in cash and cash equivalents respectively, and was in a net current asset position of $126.1 million (2020 : $130.4 million) and $65.2 million (2020 : $74.9 million) respectively. The group's earnings and operating cashflows may face headwinds from the COVID-19 operating environment and the group is carefully managing its operating and capital expenses in this operating environment. The group and company maintain access to undrawn credit facilities and have financial resources to meet their obligations when they fall due.

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000	$'000
Group						
2021						
Non-interest bearing	–	38,523	194	–	–	38,717
Lease liability (fixed rate)	4.44	1,275	3,687	12,440	(5,735)	11,667
Fixed interest rate instruments	1.76	17,652	438	–	(150)	17,940
		57,450	4,319	12,440	(5,885)	68,324
2020						
Non-interest bearing	–	21,676	159	–	–	21,835
Finance lease liability (fixed rate)	3.50	1,509	3,853	9,452	(4,066)	10,748
Fixed interest rate instruments	1.94	20,947	–	–	(399)	20,548
		44,132	4,012	9,452	(4,465)	53,131

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000	$'000
Company						
2021						
Non-interest bearing	–	13,607	–	–	–	13,607
Lease liability (fixed rate)	3.61	464	1,858	3,296	(1,094)	4,524
Fixed interest rate instruments	1.50	2,630	438	–	(29)	3,039
		16,701	2,296	3,296	(1,123)	21,170
2020						
Non-interest bearing	–	3,410	–	–	–	3,410
Lease liability (fixed rate)	3.61	464	1,856	3,763	(1,264)	4,819
Fixed interest rate instruments	1.60	9,834	–	–	(155)	9,679
		13,708	1,856	3,763	(1,419)	17,908

The maximum amount that the company could be forced to settle under the corporate guarantee in relation to credit facilities granted to subsidiaries in Note 36 is $14,901,000 (2020 : $10,911,000). The earliest period that the guarantee could be called is within 1 year (2020 : 1 year) from the end of the reporting period. The company considers that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets in the statements of financial position.

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

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

v) Liquidity risk management (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	% per annum	$'000	$'000	$'000	$'000
Group					
2021					
Non-interest bearing	–	130,532	239	–	130,771
Variable interest rate instruments	2.08	66	206	(12)	260
Fixed interest rate instruments	2.90	4,428	–	(125)	4,303
		135,026	445	(137)	135,334
2020					
Non-interest bearing	–	91,517	12	–	91,529
Fixed interest rate instruments	4.70	3,552	–	(159)	3,393
		95,069	12	(159)	94,922
Company					
2021					
Non-interest bearing	–	65,921	–	–	65,921
Fixed interest rate instruments	1.50	2,630	438	(29)	3,039
		68,551	438	(29)	68,960
2020					
Non-interest bearing	–	39,043	–	–	39,043
Fixed interest rate instruments	2.50	1,200	638	(32)	1,806
		40,243	638	(32)	40,849

Derivative financial instruments

As at 30 June 2021, the fair value of the gross settled foreign exchange forward contracts and copper contracts which were on demand or within one year receivable amounted to $7,241,000 (2020 : $3,079,000) and more than one year receivable amounted to $6,640,000 (2020 : Nil).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

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

vi) Fair values of financial assets and financial liabilities

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

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

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

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair value hierarchy of the group's derivative financial instruments relating to forward foreign exchange contracts and copper contracts are classified as Level 2. There were no movements between different levels during the year.

(c) Capital management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes borrowings disclosed in Notes 20 and 25 (net of cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated profits as disclosed in Notes 26 to 28.

The group and company are required to maintain compliance with covenants imposed by banks and these include a minimum tangible net worth amount and a maximum gearing ratio. The group and company are in compliance with these covenant requirements for the financial years ended 30 June 2021 and 2020.

The Board of Directors reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk of characteristics of the underlying assets.

The group's overall strategy remains unchanged from 2020.

5 RELATED PARTY TRANSACTIONS

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

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

	Group	
	2021	2020
	$'000	$'000
Sales to associates	(2,977)	(2,129)
Purchases from associates	186	–
Sub-contractor charges by associate	144	–
Services provided by associates	94	3
Management fees charge to associates	(18)	(18)
Rental charge to associates	(160)	(188)
Services provided to associates	–	(16)
Manpower supply by associates	10	–
Billing on behalf of associates	–	225
Expenses paid on behalf for associates	(123)	(153)

Companies in which members of key management have interests:

	Group	
	2021	2020
	$'000	$'000
Sales	(740)	(1,538)
Purchases	239	184
Consultancy service charges to related party	(229)	–
Sales of plant and machinery to a related party	(84)	(3)
Services provided to a related party	(59)	(125)
Rental income from a related party	(8)	(9)
Rental provided by a related party	32	–
Loan to related party	–	(125)
Billing on behalf by related party	–	(825)
Expenses paid on behalf to a related party	–	319

Compensation of directors and key management personnel

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

	Group	
	2021	2020
	$'000	$'000
Short-term benefits (including directors' fee)	7,023	5,676
Post-employment benefits	307	274
	7,330	5,950

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

6 CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and bank balances	35,026	30,108	19,199	12,918
Fixed deposits	4,303	3,393	–	–
	39,329	33,501	19,199	12,918

The fixed deposits bear interest at 0.25% to 5.17% (2020 : 0.25% to 6.31%) per annum and are due within 1 to 12 months (2020 : 12 months). The fixed deposits can be converted to a known amount of cash at minimum charges at short notice.

7 TRADE RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Outside parties	89,704	59,289	42,420	22,804
Related parties (Note 5)	957	1,355	158	35
Subsidiaries (Note 13)	–	–	1,219	2,236
Associates (Note 14)	1,145	408	1,136	305
	91,806	61,052	44,933	25,380
Less: Loss allowance	(4,076)	(3,197)	(1,171)	(1,150)
	87,730	57,855	43,762	24,230

The average credit period is 30 to 120 days (2020 : 30 to 120 days). No interest is charged on the trade receivables.

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

7 **TRADE RECEIVABLES (cont'd)**

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

	Trade receivables - days past due				
30 June 2021	**Not past due**	**0 - 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
Expected credit loss rate	0.43%	1.07%	17.55%	100%	–
Estimated total gross carrying amount at default	51,888	30,313	7,372	2,233	91,806
Lifetime ECL	(225)	(324)	(1,294)	(2,233)	(4,076)
					87,730
Company					
Expected credit loss rate	0.27%	0.63%	9.51%	100%	–
Estimated total gross carrying amount at default	27,292	14,591	2,260	790	44,933
Lifetime ECL	(74)	(92)	(215)	(790)	(1,171)
					43,762

	Trade receivables - days past due				
30 June 2020	**Not past due**	**0 - 90 days**	**> 90 days**	**Individually assessed lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
Expected credit loss rate	0.53%	1.15%	9.54%	100%	–
Estimated total gross carrying amount at default	21,067	25,915	12,472	1,598	61,052
Lifetime ECL	(111)	(298)	(1,190)	(1,598)	(3,197)
					57,855
Company					
Expected credit loss rate	0.08%	0.58%	7.86%	100%	–
Estimated total gross carrying amount at default	6,340	12,812	5,597	631	25,380
Lifetime ECL	(5)	(74)	(440)	(631)	(1,150)
					24,230

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

7 TRADE RECEIVABLES (cont'd)

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

Group	Individually assessed $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at 1 July 2019	1,444	1,371	2,815
Amounts written off	(647)	–	(647)
Change in loss allowance	801	229	1,030
Currency realignment	–	(1)	(1)
Balance as at 30 June 2020	1,598	1,599	3,197
Amounts written off	(600)	–	(600)
Amounts recovered	(238)	–	(238)
Change in loss allowance	1,480	254	1,734
Currency realignment	(7)	(10)	(17)
Balance as at 30 June 2021	2,233	1,843	4,076

Company	Individually assessed $'000	Lifetime ECL - credit-impaired $'000	Total $'000
Balance as at 1 July 2019	252	440	692
Change in loss allowance	379	79	458
Balance as at 30 June 2020	631	519	1,150
Amounts written off	(463)	–	(463)
Change in loss allowance	622	(138)	484
Balance as at 30 June 2021	790	381	1,171

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

8 OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Subsidiaries (Note 13)	–	–	1,877	1,787
Loan to subsidiaries (Note 13)	–	–	3,039	1,806
Associates (Note 14)	28	14	–	–
Loan to an associate (Note 14)	260	–	–	–
Related parties (Note 5)	516	239	–	–
Advances to staff	138	184	47	100
Prepayments	947	680	295	103
Other deposits	399	548	4	6
Advance to suppliers	1,398	546	–	–
Grant receivable	32	2,177	–	306
Tax recoverable	478	383	–	–
Copper derivative receivable	1,032	–	1,032	–
Others	234	543	–	2
Total	5,462	5,314	6,294	4,110
Less: Non-current other receivables	(445)	(12)	(437)	(638)
Less: Loss allowance	(13)	(32)	–	–
Current other receivables	5,004	5,270	5,857	3,472

As at 30 June 2021, the loan to subsidiaries of $3,039,000 bears interest at a fixed rate of 1.50% per annum, is unsecured and is to be repaid over 2 years.

As at 30 June 2020, the loan to a subsidiary of $1,806,000 bore interest at a fixed rate of 2.50% per annum, was unsecured and to be repaid over 8 years, with fixed monthly instalments of $100,000 that commenced from December 2014. The loan was fully repaid during the year.

The loan to an associate of $260,000 bears interest at 2.08% per annum is subject to half-yearly review and revision to the prevailing Singapore Bankers lending rate. The loan is unsecured and is to be repaid over 4 years, with fixed monthly instalments of $5,500 that commenced from July 2021.

As at 30 June 2020, grant receivables mainly comprise the amounts granted to the group under the Jobs Support Scheme ("JSS") initiative by the Singapore government, which is intended to defray certain manpower costs. In determining the timing of recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commences April 2020 following COVID-19 related lockdowns on dormitories which resulted in construction projects being stalled and adversely impacting volume of sales transactions. The JSS grant was fully received during the year.

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

9 CONTRACT ASSETS

	Group	
	2021	**2020**
	$'000	**$'000**
Retention receivables	67	29
Test and inspections contracts:		
- Outside parties	5,519	1,941
- Related parties (Note 5)	95	100
	5,681	2,070

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

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

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

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Forward foreign exchange contracts	605	331
Copper contracts	13,276	2,748
Total	13,881	3,079
Less: Non-current	(6,640)	–
Current derivative financial instruments	7,241	3,079

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Forward foreign exchange contracts

As at 30 June 2021 and 2020, the group and company had outstanding currency derivatives that were used to hedge significant future transactions. The instruments purchased are primarily denominated in the currencies of the group's and company's principal markets.

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

	Foreign currency		Notional contract value		Fair value	
	2021 FC'000	2020 FC'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Group						
Buy United States dollar less than 12 months	22,500	10,205	29,656	14,219	605	331
Sell Singapore dollar less than 12 months	1,500	–	1,507	–	–*	–
Company						
Buy United States dollar less than 12 months	22,500	10,205	29,656	14,219	605	331

* Amount less than $1,000.

As at 30 June 2021, the fair value of forward foreign exchange contracts for the group and the company was at $605,000 (2020 : $331,000). These amounts were determined based on observable forward exchange rates, contract forward rates and discounted at a rate that reflected the credit risk of various counterparties at the end of reporting period. Changes in the fair value of the forward foreign exchange contracts were recorded in profit or loss immediately.

Copper contracts

As at 30 June 2021 and 2020, the group and the company had outstanding copper contracts that were used to hedge significant future fluctuations in copper prices. The instruments purchased are primarily copper derivatives where the group and company pay or receive the difference in actual market price against price contracted as the copper derivative contracts mature.

11 INVENTORIES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Raw materials	5,285	10,317	2,392	8,054
Work-in-progress	12,553	14,606	6,472	9,324
Finished goods	45,542	52,653	20,344	28,183
Goods-in-transit	6,557	1,344	4,827	964
	69,937	78,920	34,035	46,525

Inventories are stated net of an allowance of $405,000 (2020 : $433,000). In addition, $400,000 (2020 : $413,000) of inventories were written off as they were assessed to be not saleable. During the year, there is a reversal of allowance for inventories obsolescence of $28,000 (2020 : $25,000).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

12 ASSETS CLASSIFIED AS HELD FOR SALE

On 6 April 2021, management resolved to dispose of one of the group's foreign branches included in the group's testing and inspection activities for segment reporting purposes (Note 39).

Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the foreign branch, which are expected to be sold within twelve months, have been classified as assets held for sale and are presented separately in the statement of financial position.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

The major classes of assets comprising the assets classified as held for sale are as follows:

	Group
	2021
	$'000
Property, plant and equipment	96
Inventories	62
Net assets held for sale	158

13 SUBSIDIARIES

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares, at cost	37,567	33,824
Deemed investment [(a)]	9,949	9,366
	47,516	43,190

During the year ended 30 June 2021, the issued and paid-up capital of the wholly-owned subsidiary, CAST Laboratories Pte Ltd, increased from $6.3 million to $10.0 million by the issue of 6,471,812 new ordinary shares.

For the year ended 30 June 2021, investment in subsidiaries is recorded net of impairment loss of $Nil (2020 : $69,000).

(a) The deemed investment arises from the fair value of corporate guarantees given to subsidiaries to secure the bank facilities.

Fair value of corporate guarantees is the guarantee fee received for issuing the financial guarantee and is approximately 1% (2020 : 1%) per annum of the sum guaranteed under the financial guarantee contract.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

13 **SUBSIDIARIES (cont'd)**

Details of the subsidiaries are as follows:

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held	
		2021	2020
		%	%
Tai Sin Electric Cables (Malaysia) Sdn. Bhd. [(b)]	Cable and wire manufacturer and dealer in such products/ Malaysia	100	100
PKS Sdn Bhd [(b)]	Electrical switchboards, feeder pillars and components manufacturer and dealer in such products/ Brunei	70	70
Tai Sin (Vietnam) Pte Ltd [(a)]	Intermediate investment holding/ Singapore	100	100
Tai Sin Electric Cables (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Cable and wire manufacturer and dealer in such products/ Vietnam	100	100
Lim Kim Hai Electric (VN) Company Limited (subsidiary of Tai Sin (Vietnam) Pte Ltd) [(c)]	Trading of electrical products/ Vietnam	90	90
Tai Sin Power Distribution Pte Ltd (formerly known as Tai Sin Electric International Pte Ltd) [(a)(f)]	Busbar trunking system manufacturer and dealer in such products/ Singapore	100	100
Lim Kim Hai Electric Co (S) Pte Ltd [(a)]	Distributor of electrical products and investment holding/ Singapore	100	100
LKH Electric (M) Sdn. Bhd. (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(b)]	Dormant/ Malaysia	100	100
LKH Precicon Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
LKH Projects Distribution Pte Ltd (subsidiary of Lim Kim Hai Electric Co (S) Pte Ltd) [(a)]	Distributor of electrical products/ Singapore	100	100
CAST Laboratories Pte Ltd [(a)]	Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding/ Singapore	100	100

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

13 SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal activities/ Country of incorporation and operation	Proportion of ownership interest and voting power held	
		2021	2020
		%	%
CASTconsult Sdn Bhd (subsidiary of CAST Laboratories Pte Ltd) [(b)]	General construction and technical engineering/ Malaysia	100	100
PT CAST Laboratories Indonesia (subsidiary of CAST Laboratories Pte Ltd) [(d)]	Provision of oil and gas, non-construction, testing and analysis services/ Indonesia	95	95
CAST Laboratories (Cambodia) Co. Ltd. (subsidiary of CAST Laboratories Pte Ltd) [(e)]	Technical testing and analysis services/ Cambodia	100	–

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

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

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

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

[(e)] Incorporated during the year ended 30 June 2021. Audited by BDO (Cambodia) Limited, a member firm of the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA).

[(f)] Dormant company in 2020.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

13 SUBSIDIARIES (cont'd)

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

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiaries	
		2021	2020
Cable and wire manufacturer and dealer in such products.	Malaysia	1	1
Dormant.	Malaysia	1	1
Investment holding.	Singapore	1	1
Cable and wire manufacturer and dealer in such products.	Vietnam	1	1
Dormant.	Singapore	–	1
Busbar trunking system manufacturer and dealer in such products.	Singapore	1	–
Distributor of electrical products and investment holding.	Singapore	1	1
Distributor of electrical products.	Singapore	2	2
Laboratories for tests, experiments and researches and provisions of quality consultancy services and investment holding.	Singapore	1	1
General construction and technical engineering.	Malaysia	1	1
Technical testing and analysis services	Cambodia	1	–
		11	10

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

Principal activity	Country of incorporation and operation	Number of non-wholly owned subsidiaries	
		2021	2020
Trading of electrical products.	Vietnam	1	1
Electrical switchboards, feeder pillars and components manufacturer and dealer in such products.	Brunei	1	1
Provision of oil and gas, non-construction, testing and analysis services.	Indonesia	1	1
		3	3

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

13 SUBSIDIARIES (cont'd)

The table below shows details of non-wholly owned subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	2021	2020	2021	2020
		%	%	$'000	$'000	$'000	$'000
PKS Sdn Bhd	Brunei	30	30	103	104	945	842
CAST Laboratories Pte Ltd and its subsidiaries [a]	Singapore	5	5	66	26	211	153
Lim Kim Hai Electric (VN) Company Limited	Vietnam	10	10	60	194	625	579
Total				229	324	1,781	1,574

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

Summarised financial information in respect of each of the group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

13 SUBSIDIARIES (cont'd)

	PKS Sdn Bhd		CAST Laboratories Pte Ltd and its subsidiaries		Lim Kim Hai Electric (VN) Company Limited	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	3,731	3,498	5,933	3,699	7,113	8,334
Non-current assets	348	240	1,807	1,186	49	113
Current liabilities	(811)	(788)	(3,309)	(1,652)	(922)	(2,659)
Non-current liabilities	(119)	(145)	(195)	(168)	–	–
Equity attributable to owners of the company	2,204	1,963	4,025	2,912	5,615	5,209
Non-controlling interests	945	842	211	153	625	579
Revenue	5,504	5,445	8,073	4,888	13,471	28,988
Expenses	(5,160)	(5,098)	(6,747)	(4,369)	(12,878)	(27,040)
Profit for the year	344	347	1,326	519	593	1,948
Profit attributable to owners of the company	241	243	1,260	493	533	1,754
Profit attributable to the non-controlling interests	103	104	66	26	60	194
Profit for the year	344	347	1,326	519	593	1,948
Other comprehensive income (loss) attributable to owners of the company	–	–	(147)	42	(127)	113
Other comprehensive income attributable to the non-controlling interests	–	–	(8)	2	(14)	12
Other comprehensive income (loss) for the year	–	–	(155)	44	(141)	125
Total comprehensive income attributable to owners of the company	241	243	1,113	535	406	1,867
Total comprehensive income attributable to the non-controlling interests	103	104	58	28	46	206
Total comprehensive income for the year	344	347	1,171	563	452	2,073
Dividends declared/paid to non-controlling interests	–	–	–	–	–	28
Net cash inflow (outflow) from operating activities	155	43	(9)	508	(237)	1,443
Net cash outflow from investing activities	(172)	(22)	(192)	(314)	(4)	(3)
Net cash inflow (outflow) from financing activities	–	–	39	137	–	(279)
Net cash inflow (outflow)	(17)	21	(162)	331	(241)	1,161

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

14 ASSOCIATES

	Group 2021 $'000	Group 2020 $'000
Unquoted equity shares, at cost	3,188	3,188
Share of post-acquisition results and reserves, net of dividends received	7,293	7,010
	10,481	10,198

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

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %	Proportion of voting power held 2021 %	Proportion of voting power held 2020 %
Held by Lim Kim Hai Electric Co (S) Pte Ltd					
Nylect International Pte. Ltd. [a]	Investment holding/ Singapore	30	30	30	30
PT Elmecon Multikencana [d]	Electronic and electrical appliances/ Indonesia	40	40	40	40
Held by Nylect International Pte. Ltd.					
Nylect Engineering Pte Ltd [a]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
Nylect Technology Ltd Vietnam [e]	Mechanical and electrical design and installation/ Vietnam	100	100	100	100
PT Nylect Indonesia [f]	Mechanical and electrical design and installation/ Indonesia	70	70	70	70
Shanghai Nylect Engineering Co., Ltd [a]	Mechanical and electrical design and installation/ People's Republic of China	100	100	100	100
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	70	70	70	70
Held by Nylect Engineering Pte Ltd					
NEPL Pte Ltd [a]	Mechanical and electrical design and installation/ Singapore	100	100	100	100
PT Nylect Indonesia [f]	Mechanical and electrical design and installation/ Indonesia	30	30	30	30
Nylect Technology (Myanmar) Ltd [b]	Mechanical and electrical design and installation/ Myanmar	30	30	30	30

14 ASSOCIATES (cont'd)

Name of associate	Principal activities/ Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
		2021	2020	2021	2020
		%	%	%	%
Held by CAST Laboratories Pte Ltd					
Astar Laboratory Pte. Ltd. [c]	Provision of environmental engineering services, laboratory testing services and other related services/ Singapore	37.50	30	37.50	30

[a] Audited by RSM Chio Lim LLP, Singapore and member firms of RSM International.

[b] Audited by UTW (Myanmar) Limited, a member firm of Ernst & Young Global Limited.

[c] Audited by LL Ong & Co., Public Accountants and Chartered Accountant of Singapore.

[d] Audited by MGI Gideon Adi & Rekan, Public Accountants and Chartered Accountant of Indonesia.

[e] Audited by DTL Auditing Company, a member firm of RSM International.

[f] Placed under liquidation during the financial year ended 30 June 2020. The most recent audit of the associate was for the reporting year ended 31 December 2018 and no audited financial statements have been prepared since.

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

i. The financial year end date of Nylect International Pte. Ltd. is 31 December. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31 December 2020 and the unaudited consolidated management accounts for the intervening 6 month periods ended 30 June 2021 and 2020 have been used. Further, the group has significant influence over Nylect International Pte. Ltd. by virtue of the current board representation where the group has appointed one out of the three directors and the group has 30% voting interest.

ii. On 1 May 2020, Lim Kim Hai Electric Co (S) Pte Ltd acquired 40% of shares in PT Elmecon Multikencana for a consideration of $500,000. The financial year end date of PT Elmecon Multikencana is 31 December. For the purposes of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31 December 2020 and the unaudited consolidated management accounts for the intervening 6 month periods ended 30 June 2021 and unaudited management accounts for the intervening period from 1 May 2020 to 30 June 2020 have been used. Further, the group has significant influence over PT Elmecon Multikencana by virtue of the current board representation where the group has appointed one out of the three directors and the group has 40% voting interest.

iii. The group has significant influence over Astar Laboratory Pte. Ltd. by virtue of the current board representation where the group has appointed one out of the two (2020: one out of the three) directors and the group has 37.50% (2020 : 30%) voting interest. The increase in group's voting interest to 37.50% was due to a $261,000 share buyback from another shareholder by Astar Laboratory Pte. Ltd. during the year.

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

14 ASSOCIATES (cont'd)

Nylect International Pte. Ltd. and its subsidiaries

	2021 $'000	2020 $'000
Current assets	38,881	40,178
Non-current assets	14,469	10,067
Current liabilities	(19,448)	(20,977)
Non-current liabilities	(3,905)	–
Revenue	34,484	41,737
Profit for the year	1,172	2,154
Other comprehensive income (loss) for the year	83	(27)
Total comprehensive income for the year	1,255	2,127
Dividend received from the associate during the year	150	72

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2021 $'000	2020 $'000
Net assets of the associate	29,997	29,268
Proportion of the group's ownership interest in Nylect International Pte. Ltd. and its subsidiaries	30%	30%
Carrying amount of the group's interest in Nylect International Pte. Ltd. and its subsidiaries	8,999	8,780

PT Elmecon Multikencana

	2021 $'000	2020 $'000
Current assets	1,965	2,073
Non-current assets	651	766
Current liabilities	(1,333)	(1,539)
Non-current liabilities	(203)	(312)
Revenue	7,071	979
Profit (Loss) for the year	129	(16)
Other comprehensive profit (loss) for the year	22	(22)
Total comprehensive profit (loss) for the year	151	(38)

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

14 ASSOCIATES (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2021 $'000	2020 $'000
Net assets of the associate	1,081	988
Proportion of the group's ownership interest in PT Elmecon Multikencana	40%	40%
Goodwill	90	90
Carrying amount of the group's interest in PT Elmecon Multikencana	522	485

Astar Laboratory Pte. Ltd.

	2021 $'000	2020 $'000
Current assets	1,093	1,022
Non-current assets	803	1,011
Current liabilities	(356)	(506)
Non-current liabilities	(295)	(122)
Revenue	2,040	2,061
Profit for the year, representing total comprehensive income for the year	101	35

Reconciliation of the above summarised financial information to the carrying amount of the interest in the group's associate recognised in the consolidated financial statement:

	2021 $'000	2020 $'000
Net assets of the associate	1,245	1,405
Proportion of the group's ownership interest in Astar Laboratory Pte. Ltd.	37.50%	30%
Goodwill	512	512
Carrying amount of the group's interest in Astar Laboratory Pte. Ltd.	960	933

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold property $'000	Leasehold buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Group							
Cost:							
At 30 June 2019	2,065	2,705	34,437	9,891	37,388	5,022	91,508
Adoption of SFRS(I) 16	–	–	–	–	–	(354)	(354)
At 1 July 2019	2,065	2,705	34,437	9,891	37,388	4,668	91,154
Additions	–	–	7	707	2,963	370	4,047
Currency realignment	(9)	(7)	42	20	47	7	100
Disposals	–	–	–	(54)	(856)	(316)	(1,226)
Write-offs	–	–	–	(314)	(248)	–	(562)
At 30 June 2020	2,056	2,698	34,486	10,250	39,294	4,729	93,513
Additions	–	3,584	12	840	2,066	164	6,666
Currency realignment	(9)	(7)	(53)	(31)	(172)	(11)	(283)
Disposals	–	–	–	(34)	(593)	(77)	(704)
Write-offs	–	(3)	–	(158)	(311)	–	(472)
Reclassified as held for sale	–	–	–	(4)	(214)	(67)	(285)
At 30 June 2021	2,047	6,272	34,445	10,863	40,070	4,738	98,435
Accumulated depreciation:							
At 30 June 2019	–	591	14,428	7,058	26,079	3,023	51,179
Adoption of SFRS(I) 16	–	–	–	–	–	(63)	(63)
At 1 July 2019	–	591	14,428	7,058	26,079	2,960	51,116
Depreciation	–	77	937	1,215	2,548	646	5,423
Currency realignment	–	(2)	9	15	36	4	62
Disposals	–	–	–	(52)	(627)	(315)	(994)
Write-offs	–	–	–	(238)	(227)	–	(465)
At 30 June 2020	–	666	15,374	7,998	27,809	3,295	55,142
Depreciation	–	137	915	935	2,555	580	5,122
Currency realignment	–	(4)	(12)	(27)	(107)	(10)	(160)
Disposals	–	–	–	(33)	(394)	(76)	(503)
Write-offs	–	(3)	–	(141)	(298)	–	(442)
Reclassified as held for sale	–	–	–	(3)	(143)	(43)	(189)
At 30 June 2021	–	796	16,277	8,729	29,422	3,746	58,970
Carrying amount:							
At 30 June 2021	2,047	5,476	18,168	2,134	10,648	992	39,465
At 30 June 2020	2,056	2,032	19,112	2,252	11,485	1,434	38,371

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold buildings $'000	Office equipment and furniture $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 July 2019	15,103	2,406	18,794	1,820	38,123
Additions	7	300	896	88	1,291
Disposals	–	(7)	(400)	–	(407)
Write-offs	–	(20)	–	–	(20)
At 30 June 2020	15,110	2,679	19,290	1,908	38,987
Additions	–	35	41	–	76
Disposals	–	–	(146)	–	(146)
Write-offs	–	(19)	(211)	–	(230)
At 30 June 2021	15,110	2,695	18,974	1,908	38,687
Accumulated depreciation:					
At 1 July 2019	7,375	1,276	13,992	1,337	23,980
Depreciation	461	384	977	203	2,025
Disposals	–	(6)	(357)	–	(363)
Write-offs	–	(8)	–	–	(8)
At 30 June 2020	7,836	1,646	14,612	1,540	25,634
Depreciation	440	378	924	175	1,917
Disposals	–	–	(142)	–	(142)
Write-offs	–	(14)	(202)	–	(216)
At 30 June 2021	8,276	2,010	15,192	1,715	27,193
Carrying amount:					
At 30 June 2021	6,834	685	3,782	193	11,494
At 30 June 2020	7,274	1,033	4,678	368	13,353

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

Location	Title	Description
24 Gul Crescent Singapore 629531 [(a)]	Leasehold (52 years from 1 August 1980)	Land and factory building
22 Gul Crescent Singapore 629530 [(a)]	Leasehold (28 years 7 months from 31 December 2004)	Land and factory building
11 Gul Lane Singapore 629410 [(a)]	Leasehold (51 years 16 days from 16 July 1981)	Land and factory building
9 Gul Lane Singapore 629408 [(a)]	Leasehold (18 years 30 days from 1 December 2018)	Land and factory building

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Title	Description
27 Gul Avenue Singapore 629667 [(a)]	Leasehold (60 years from 1 July 1979)	Land and factory building
17 Tuas Avenue 8 Singapore 639232 [(a)]	Leasehold (60 years from 16 December 1995)	Land and factory building
53 Kallang Place Singapore 339177 [(a)]	Leasehold (60 years from 1 April 1976)	Industrial building
63 Hillview Avenue #10-21 Lam Soon Industrial Building Singapore 669569	Freehold	Flatted factory unit
63 Hillview Avenue #08-19 Lam Soon Industrial Building Singapore 669569	Freehold	Flatted factory unit
The Canary Heights Binh Duong Boulevard Binh Hoa Ward Thuan An District Binh Duong Province, Vietnam	Leasehold (50 years from 14 July 2008)	Apartment unit
No. 20 VSIP II, Street 2, Vietnam Singapore Industrial Park 2 Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam [(a)]	Leasehold (50 years from 29 June 2006)	Land and factory building
PTD 37433, 37434 & 37444 Off Jalan Perindustrian Senai 3 Kawasan Perindustrian Senai Fasa 2 81400 Senai, Johor Bahru Johor Darul Takzim, Malaysia	Freehold	Land and factory building
Lot B Kawasan Perindustrian Beribi 1 Jalan Gadong BE1118 Bandar Seri Begawan Negara Brunei Darussalam [(a)]	Leasehold (20 years from 1 July 2012)	Land and factory building
The Central Sukajadi Block B1, No. 3A-5 Batam 29462, Indonesia	Leasehold (30 years from 5 August 2003)	Office shop lot
Street 1019, Sangkat Kork Kleang Khan Sen Sok Phnom Penh, Cambodia [(a)(b)]	Leasehold (15 years from 1 March 2021)	Warehouse building and office

(a) The carrying amount of the group's leasehold land and buildings are classified under right-of-use assets (Note 16) as at 30 June 2021 was $14,211,000 (2020 : $10,147,000).

(b) The carrying amount of the leasehold buildings recorded under right-of-use assets (Note 16) only.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

16 RIGHT-OF-USE ASSETS

The group leases several leasehold land and buildings, office equipment and motor vehicles. As at 30 June 2021, the average remaining lease term is between 2 months to 34 years (2020 : 2 months to 35 years).

The group has options to purchase certain equipment for a nominal amount at the end of the lease term. The group's obligations are secured by the lessors' title to the leased assets for such leases.

	Leasehold land and buildings $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Group				
Cost:				
At 1 July 2019	10,903	433	397	11,733
Additions	198	34	236	468
Currency realignment	5	–*	(1)	4
At 30 June 2020	11,106	467	632	12,205
Additions	5,094	88	26	5,208
De-recognition	(369)	(64)	(43)	(476)
Adjustment#	186	–	–	186
Currency realignment	(4)	–*	(3)	(7)
At 30 June 2021	16,013	491	612	17,116
Accumulated depreciation:				
At 1 July 2019	–	–	63	63
Depreciation	961	137	134	1,232
Currency realignment	(2)	–*	(1)	(3)
At 30 June 2020	959	137	196	1,292
Depreciation	1,062	142	155	1,359
De-recognition	(217)	(34)	(43)	(294)
Currency realignment	(2)	–*	(1)	(3)
At 30 June 2021	1,802	245	307	2,354
Carrying amount:				
At 30 June 2021	14,211	246	305	14,762
At 30 June 2020	10,147	330	436	10,913

* Amount less than $1,000.

\# Revision of rental rates.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

16 RIGHT-OF-USE ASSETS (cont'd)

	Leasehold land $'000
Company	
Cost:	
At 1 July 2019, 30 June 2020 and 30 June 2021	5,104
Accumulated depreciation:	
At 1 July 2019	–
Depreciation	364
At 30 June 2020	364
Depreciation	364
At 30 June 2021	728
Carrying amount:	
At 30 June 2021	4,376
At 30 June 2020	4,740

17 INVESTMENT PROPERTIES

	Group $'000
Cost:	
At 1 July 2019	3,142
Currency realignment	(13)
At 30 June 2020	3,129
Addition	157
Currency realignment	(15)
At 30 June 2021	3,271
Accumulated depreciation:	
At 1 July 2019	139
Depreciation	51
Currency realignment	(1)
At 30 June 2020	189
Depreciation	52
Currency realignment	(1)
At 30 June 2021	240
Carrying amount:	
At 30 June 2021	3,031
At 30 June 2020	2,940

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

17 INVESTMENT PROPERTIES (cont'd)

The investment properties of the group are as follows:

Location	Title	Description
Lot 45101, PLO 158 Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor, Malaysia	Freehold	Commercial property for leasing
Lot 56605, Lot 91 Off Persiaran Golf, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor	Freehold	Apartment unit for leasing

The property rental income from the group's investment properties which is leased out under operating lease amounted to $172,000 (2020 : $177,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $19,000 (2020 : $16,000).

The fair value of the investment properties as at 30 June 2021 amounted to $4,303,000 (2020 : $3,405,000) and had been determined on the basis of valuations carried out by an independent valuer having an appropriate recognised professional qualification.

18 INTANGIBLE ASSETS

	Customer relationships $'000	Proprietary application software $'000	Total $'000
Group			
Cost:			
At 1 July 2019 and 30 June 2020	2,114	219	2,333
Write-offs	–	(219)	(219)
At 30 June 2021	2,114	–	2,114
Accumulated amortisation:			
At 1 July 2019	1,723	219	1,942
Amortisation	232	–	232
At 30 June 2020	1,955	219	2,174
Amortisation	159	–	159
Write-offs	–	(219)	(219)
At 30 June 2021	2,114	–	2,114
Carrying amount:			
At 30 June 2021	–	–	–
At 30 June 2020	159	–	159

The amortisation expenses of the customer relationships and proprietary application software have been included in the line items "selling and distribution expenses" and "cost of sales" respectively in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

19 DEFERRED TAX ASSETS (LIABILITIES)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets	3,403	93	3,342	–
Deferred tax liabilities	(946)	(1,253)	–	(560)

The major components giving rise to deferred tax assets and liabilities recognised by the group and the company and movements thereon during the year:

Deferred tax assets

	Provisions	Unutilised capital allowances	Total
	$'000	$'000	$'000
Group			
At 1 July 2019	98	8	106
Charge to profit or loss	(6)	(7)	(13)
At 30 June 2020	92	1	93
Credit to profit or loss	3,313	–*	3,313
Currency realignment	(3)	–*	(3)
At 30 June 2021	3,402	1	3,403

* Amount less than $1,000.

Deferred tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
Group			
At 1 July 2019	(1,534)	(53)	(1,587)
Credit to profit or loss	300	32	332
Currency realignment	2	–*	2
At 30 June 2020	(1,232)	(21)	(1,253)
Credit to profit or loss	286	21	307
At 30 June 2021	(946)	–	(946)

* Amount less than $1,000.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

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

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $80.45 million (2020 : $71.52 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

	Provisions $'000	Accelerated tax depreciation $'000	Total $'000
Company			
At 1 July 2019	–	(660)	(660)
Credit to profit or loss	–	100	100
At 30 June 2020	–	(560)	(560)
Credit (Charge) to profit or loss	3,986	(84)	3,902
At 30 June 2021	3,986	(644)	3,342

20 BANK BORROWINGS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Bank loan - secured	4,800	2,800	–	–
Bank loan - unsecured	3,039	–	3,039	–
Trust receipts and bills payable to banks	10,338	17,748	–	9,679
Total	18,177	20,548	3,039	9,679
Less : Non-current	(437)	–	(437)	–
	17,740	20,548	2,602	9,679

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

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

ii) corporate guarantee of up to RM65.20 million ($21.11 million) [2020 : RM65.20 million ($21.20 million)], US$8.79 million ($11.82 million) [2020 : US$8.80 million ($12.26 million)], VND200 million ($12,000) and $25.32 million (2020 : $25.32 million) by the company (Note 36).

The bank borrowings bear fixed interest rates ranging from 1.50% to 2.15% (2020 : 1.09% to 3.81%) and 1.50% (2020 : 1.15% to 2.05%) for the group and company respectively per annum. Trust receipts and bill payables to banks amounting $10,338,000 includes $237,000 (2020: $Nil) bill payables that are non-interest bearing. Secured bank loan, trust receipt and bill payables to banks are due within 12 months while unsecured bank loan are due within 24 months.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

20 BANK BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities

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

			Non-cash changes			
	1 July 2020	Financing cash flow	New leases	De-recognition of leases	Foreign exchange movement	30 June 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings (Note 20)	20,548	(2,293)	–	–	(78)	18,177
Lease liabilities (Note 25)	10,748	(4,293)	5,394	(182)	–*	11,667
	31,296	(6,586)	5,394	(182)	(78)	29,844

					Non-cash changes		
	1 July 2019	Adoption of SFRS(I) 16	1 July 2019	Financing cash flow	New leases	Foreign exchange movement	30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings (Note 20)	25,611	–	25,611	(5,068)	–	5	20,548
Finance leases	249	(249)	–	–	–	–	–
Lease liabilities (Note 25)	–	11,326	11,326	(1,047)	468	1	10,748
	25,860	11,077	36,937	(6,115)	468	6	31,296

* Amount less than $1,000.

21 TRADE PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Outside parties	28,356	16,003	8,794	1,696
Related parties (Note 5)	109	23	–	2
Subsidiaries (Note 13)	–	–	1,467	17
Associates (Note 14)	76	5	–	–
	28,541	16,031	10,261	1,715

The average credit period on purchases of goods is 90 days (2020 : 90 days).

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

22 OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accruals [1]	8,776	5,068	3,148	1,161
Provision for directors' fees	180	138	63	63
Deferred grant income	350	3,253	286	779
Sundry payables	1,242	849	134	380
Subsidiary (Note 13)	–	–	1	91
Total	10,548	9,308	3,632	2,474
Less: Non-current other payables	(194)	(159)	–	–
Current other payables	10,354	9,149	3,632	2,474

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

Deferred grant income relates to the amounts granted to the group and the company under the Jobs Support Scheme initiative by the Singapore government, which is intended to defray certain manpower costs between the periods from April 2020. These amounts were received during the year and recognised in the profit or loss on a systematic basis over the years in which the group recognises the employee benefit expenses for which the grants are intended to compensate.

23 CONTRACT LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amounts received in advance of delivery [i]	1,570	1,202	77	32
Amounts related to test and inspections contracts [ii]	14	–	–	–
	1,584	1,202	77	32

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

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

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

The following table shows how much of the revenue recognised in the current reporting period relates to brought–forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

23 CONTRACT LIABILITIES (cont'd)

Group's revenue recognised that was included in the contract liability balance at the beginning of the period:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amounts received in advance of delivery	1,202	1,171	32	27
Amounts related to test and inspections contracts	–	65	–	–
	1,202	1,236	32	27

24 PROVISION FOR ONEROUS CONTRACTS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Provision for onerous contracts	22,687	–	22,687	–

Management has made assessment for the fixed price onerous contracts which deliveries are expected to be made over the next 5 years after the year end. A provision of $22.687 million (2020 : $Nil) was made based on prevailing copper price as at 30 June 2021. Any fluctuation in copper price subsequent to year end will result in addition or reversal of such provision.

Provision for onerous contracts for the financial year ended 30 June 2021 has been charged to cost of sales.

25 LEASE LIABILITIES (Group as a lessee)

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Maturity analysis:				
Year 1	1,275	1,509	464	464
Year 2	991	1,226	464	464
Year 3	859	963	464	464
Year 4	859	832	464	464
Year 5	977	832	464	464
Year 6 onwards	12,441	9,452	3,298	3,763
	17,402	14,814	5,618	6,083
Less: Unearned interest	(5,735)	(4,066)	(1,094)	(1,264)
	11,667	10,748	4,524	4,819
Analysed as:				
Current	905	1,137	306	324
Non-current	10,762	9,611	4,218	4,495
	11,667	10,748	4,524	4,819

The group does not face a significant liquidity risk with regard to its lease liabilities.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

26 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	$'000
Issued and paid up capital:		
At 1 July 2019	446,084,765	58,641
Issue of share capital pursuant to Scrip Dividend Scheme (Note 35)	16,904,076	5,071
At 30 June 2020 and 30 June 2021	462,988,841	63,712

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

27 TREASURY SHARES

	Group and Company	
	Number of ordinary shares	$'000
At 1 July 2019, 30 June 2020 and 2021	2,727,000	950

28 RESERVES

Other reserves

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

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

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

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

29 REVENUE

The group derives its revenue from the transfer of goods and services over time and at a point in time in the following major operating segments. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 39).

	Group	
	2021	2020
	$'000	$'000
At a point in time:		
Cable and wire distribution	174,377	154,910
Electrical material distribution	87,010	84,720
Test and inspections	8,855	10,005
Switchboard	5,504	5,445
Over time:		
Test and inspections	22,696	21,334
	298,442	276,414

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Group	
	2021	2020
	$'000	$'000
Test and inspections contracts	25,534	21,105

Management expects that 45.97% (2020 : 45.34%) of the transaction price allocated to the unsatisfied contracts as of 30 June 2021 will be recognised as revenue during the next reporting period amounting to $11,739,000 (2020 : $9,569,000). Of the remaining 54.03% (2020 : 54.66%), $13,167,000 (2020 : $10,569,000) will be recognised between financial years 2023 to 2026 (2020 : 2022 to 2025) and $628,000 (2020 : $967,000) in the financial year 2027 (2020 : 2026) onwards.

30 OTHER OPERATING INCOME

	Group 2021 $'000	Group 2020 $'000
Gain on disposal of property, plant and equipment	23	13
Gain on revaluation of quoted shares	2	2
Gain on foreign currency exchange	–	451
Interest income from deposits	169	78
Management fee (Note 5)	18	18
Rental of investment properties (Note 17)	172	177
Scrap sales	980	647
Fair value adjustment on derivative financial instruments taken to profit or loss	10,802	2,642
Government grants	7,282	2,910
Others	709	635
	20,157	7,573

31 FINANCE COSTS

	Group 2021 $'000	Group 2020 $'000
Interest on bank borrowings	353	665
Interest on lease liabilities	428	424
	781	1,089

32 INCOME TAX EXPENSE

	Group 2021 $'000	Group 2020 $'000
Income tax:		
Current	7,347	2,900
Under (Over) provision in prior years	73	(199)
	7,420	2,701
Deferred income tax:		
Current	(3,995)	(133)
Under (Over) provision in prior years	375	(186)
	(3,620)	(319)
Withholding tax	7	6
Total income tax expense	3,807	2,388

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

32 INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at 17% (2020 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2021	2020
	$'000	$'000
Profit before income tax	21,318	12,414
Income tax expense at domestic rate of 17% (2020 : 17%)	3,624	2,110
Non-deductible items	1,162	901
Income not taxable	(1,390)	(408)
Deferred tax benefits not recognised	62	60
Under (Over) provision of taxation in prior years	448	(385)
Tax rebates	(126)	(102)
Effect of different tax rates of subsidiaries operating in other jurisdictions	214	189
Utilisation of deferred tax benefits previously not recognised	(188)	(143)
Withholding tax	7	6
Others	(6)	160
	3,807	2,388

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

	Group	
	2021	2020
	$'000	$'000
Unutilised capital allowance		
Balance at beginning of year	2,043	4,340
Adjustment	99	–
Movement during the year	–	692
Write-offs on liquidation	–	(2,989)
Currency realignment	(21)	–
Balance at end of year	2,121	2,043
Unutilised donation		
Balance at beginning of year	70	–
Adjustment	(70)	–
Movement during the year	–	70
Balance at end of year	–	70

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

32 INCOME TAX EXPENSE (cont'd)

	Group	
	2021	2020
	$'000	$'000
Tax loss carryforwards		
Balance at beginning of year	–	3,421
Adjustment	386	–
Movement during the year	513	–
Write-offs on liquidation	–	(3,421)
Currency realignment	(4)	–
Balance at end of year	895	–
Total	3,016	2,113
Deferred tax benefits on above:		
Unrecorded	703	359

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

Certain deferred tax benefits have not been recognised as it is not probable that the relevant subsidiaries will have taxable profits in the foreseeable future to utilise the tax loss carryforwards and temporary differences from capital allowances.

The realisation of the future income tax benefit from the remaining tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

33 PROFIT FOR THE YEAR

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

	Group	
	2021	**2020**
	$'000	**$'000**
Directors' remuneration:		
- of the company	1,544	862
- of the subsidiaries	2,742	2,400
Total directors' remuneration	4,286	3,262
Directors' fee	370	317
Audit fees:		
- Auditors of the company	288	240
- Other auditors	33	37
Non-audit fees:		
- Auditors of the company	57	56
- Other auditors	11	5
Cost of inventories recognised as expense	232,624	208,343
Provision for onerous contracts	22,687	–
Expense relating to short-term leases	1,224	1,008
Expense relating to leases of low value assets	33	61
Foreign currency exchange adjustment loss (gain)	483	(451)
Property, plant and equipment written off	30	97
Inventories written off	400	413
Reversal of allowance for inventories obsolescence	(28)	(25)
Bad debts written off	5	42
Loss allowance for trade and other receivables	1,509	1,014
Depreciation of property, plant and equipment	5,122	5,423
Depreciation of investment properties	52	51
Depreciation on right-of-use assets	1,359	1,232
Amortisation expense	159	232
Gain on disposal of property, plant and equipment	(23)	(13)
Gain on revaluation of investment in quoted shares	(2)	(2)
Fair value adjustments on derivative financial instruments taken to profit or loss	(10,802)	(2,642)
Realised (gain) loss on derivative financial instruments included in cost of sales	(7,007)	651
Government grants	(7,282)	(2,910)
Interest income	(169)	(78)
Employee benefits expense (including directors' remuneration)	44,825	41,245
Cost of defined contribution plans included in employee benefits expense	3,184	2,961

34 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

Earnings

	Group	
	2021	2020
	$'000	$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	17,282	9,702

Number of shares

	Group	
	2021	2020
Weighted average number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	460,261,841	452,410,221

35 DIVIDENDS

During the financial year ended 30 June 2021, the company declared and paid dividends totalling $6.904 million. Details were as follows:

(a) Final tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2020 totalling $3.452 million; and

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2021 totalling $3.452 million.

During the financial year ended 30 June 2020, the company declared and paid dividends totalling $10.102 million. Details were as follows:

(a) Final tax-exempt dividend of 1.50 cent per ordinary share in respect of the financial year ended 30 June 2019 totalling $6.650 million. $1.579 million of the dividend was paid via cash and the remaining $5.071 million was paid via the issue of scrip dividend (Note 26); and

(b) Interim tax-exempt dividend of 0.75 cent per ordinary share in respect of the financial year ended 30 June 2020 totalling $3.452 million.

Subsequent to 30 June 2021, the directors of the company recommended that a final tax-exempt dividend be paid at 1.50 cent per ordinary share totalling $6.904 million for the financial year ended 30 June 2021. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

36 CONTINGENT LIABILITIES

	Company	
	2021	2020
	$'000	$'000
Corporate guarantee in relation to credit facilities granted to subsidiaries (Note 20)	14,901	10,911

37 COMMITMENTS

	Group and company	
	2021	2020
	$'000	$'000
Commitment to purchase fixed quantum of copper from suppliers at market rate at date of delivery	100,501	75,275

38 OPERATING LEASE ARRANGEMENTS

Group as a lessee

At 30 June 2021, the group is committed to $569,000 (2020 : $435,000) for short-term leases.

Group as a lessor

Operating leases, in which the group is the lessor, relate to investment properties owned by the group with lease terms of 1 to 3 years, with 2 terms of 3 years extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the group.

Maturity analysis of operating lease receivables:

	Group	
	2021	2020
	$'000	$'000
Year 1	148	153
Year 2	–	20
Total	148	173

39 SEGMENT INFORMATION

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

- *Cable & Wire*. Includes cable and wire manufacturing and dealing in such products.
- *Electrical Material Distribution*. Includes distribution of electrical products.

39 SEGMENT INFORMATION (cont'd)

- *Test & Inspection*. Includes laboratories for tests, experiments and researches and provision of quality consultancy services.

- *Switchboard*. Includes manufacturing and dealing in electrical switchboards, feeders pillars and components.

- *Others*. Investment holding.

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

Segment revenue and results

	Cable & wire $'000	Electrical material distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Elimination $'000	Total $'000
2021							
REVENUE							
External sales	174,377	87,010	31,551	5,504	–	–	298,442
Inter-segment sales	1,197	244	43	–	–	(1,484)	–
Total revenue	175,574	87,254	31,594	5,504	–	(1,484)	298,442
RESULT							
Segment result	12,763	6,047	2,356	373	(39)	–	21,500
Interest expense	(418)	(154)	(200)	(9)	–	–	(781)
Interest income	160	–	9	–	–	–	169
Share of profit of associates	–	403	27	–	–	–	430
Income tax expense							(3,807)
Non-controlling interests							(229)
Profit attributable to shareholders of the company							17,282
2020							
REVENUE							
External sales	154,910	84,720	31,339	5,445	–	–	276,414
Inter-segment sales	460	16	45	–	–	(521)	–
Total revenue	155,370	84,736	31,384	5,445	–	(521)	276,414
RESULT							
Segment result	6,663	3,221	2,508	395	(12)	–	12,775
Interest expense	(690)	(162)	(228)	(9)	–	–	(1,089)
Interest income	66	1	11	–	–	–	78
Share of profit of associates	–	640	10	–	–	–	650
Income tax expense							(2,388)
Non-controlling interests							(324)
Profit attributable to shareholders of the company							9,702

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

39 SEGMENT INFORMATION (cont'd)

Revenue reported above represents revenue generated from external customers. There were inter-segment sales of $1,484,000 (2020 : $521,000) during the year.

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

Segment assets and liabilities

	Cable & wire $'000	Electrical material distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Total $'000
2021						
Segment assets	179,909	55,749	39,265	3,923	103	278,949
Interest in associates	–	9,521	960	–	–	10,481
Unallocated segment assets						3,881
Consolidated total assets						293,311
Segment liabilities	56,026	20,173	13,050	898	18	90,165
Unallocated segment liabilities						11,126
Consolidated total liabilities						101,291
2020						
Segment assets	147,175	50,226	30,744	3,583	979	232,707
Interest in associates	–	9,265	933	–	–	10,198
Unallocated segment assets						478
Consolidated total assets						243,383
Segment liabilities	26,140	18,292	9,893	883	18	55,226
Unallocated segment liabilities						6,085
Consolidated total liabilities						61,311

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than deferred tax assets and tax recoverable. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payables and unsecured bank loan.

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

39 SEGMENT INFORMATION (cont'd)

Other segment information

	Cable & wire $'000	Electrical Material Distribution $'000	Test & inspection $'000	Switch-board $'000	Others $'000	Total $'000
2021						
Additions to non-current assets	599	3,954	7,306	172	–	12,031
Depreciation and amortisation	3,043	908	2,676	65	–	6,692
Non-cash expenses (income) other than depreciation and amortisation	13,079	233	528	398	21	14,259
2020						
Additions to non-current assets	1,747	420	2,289	59	–	4,515
Depreciation and amortisation	3,193	1,036	2,673	36	–	6,938
Non-cash expenses (income) other than depreciation and amortisation	(2,364)	333	467	5	(8)	(1,567)

Geographical information

The group operates in six (2020 : five) principal geographical areas - Singapore, Malaysia, Vietnam, Brunei, Indonesia and Cambodia (2020 : Singapore, Malaysia, Vietnam, Brunei and Indonesia).

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

	Revenue $'000	Non-current assets $'000
2021		
Singapore	229,013	39,421
Malaysia	34,620	9,022
Vietnam	13,474	1,938
Brunei	6,386	192
Indonesia	10,514	1,760
Cambodia	2,509	5,370
Others	1,926	–
	298,442	57,703

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2021

39 SEGMENT INFORMATION (cont'd)

Geographical information (cont'd)

	Revenue $'000	Non-current assets $'000
2020		
Singapore	199,996	39,354
Malaysia	27,778	9,706
Vietnam	28,986	2,107
Brunei	6,843	87
Indonesia	7,440	1,141
Others	5,371	–
	276,414	52,395

40 SUBSEQUENT EVENT

Subsequent to the year ended 30 June 2021, the group has:

- entered into a Sale and Purchase Agreement ("SPA") on 2 August 2021 to acquire 100% of the ordinary shares in Nishiden (Malaysia) Sdn Bhd ("NNDM"), a company incorporated in Malaysia. The principal activities of NNDM are of fabricating of copper wiring, cables and other related parts.

- incorporated a new wholly-owned subsidiary under Lim Kim Hai Electric Co (S) Pte Ltd, ElectGo Pte. Ltd. ("ElectGo"), in Singapore on 17 September 2021. The registered share capital of ElectGo of $300,000 comprising 300,000 new shares are issued and fully paid up. ElectGo's principal activities are those of online sales of electrical, control, lighting and safety products.

41 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the group and company were issued but not effective:

Effective for annual periods beginning on or after 1 January 2021

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: Onerous Contracts – *Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

41 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

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

ANALYSIS OF SHAREHOLDINGS

As at 21 September 2021

NUMBER OF ISSUED SHARES	:	462,988,841
NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	460,261,841
NUMBER / PERCENTAGE OF TREASURY SHARES	:	2,727,000 (0.59%)
NUMBER / PERCENTAGE OF SUBSIDIARY HOLDINGS	:	Nil
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS AS AT 21 SEPTEMBER 2021

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	101	3.06	3,925	0.00
100 - 1,000	264	7.98	180,868	0.04
1,001 - 10,000	1,150	34.77	7,186,099	1.56
10,001 - 1,000,000	1,750	52.92	103,174,781	22.42
1,000,001 and above	42	1.27	349,716,168	75.98
Total:	**3,307**	**100.00**	**460,261,841**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 21 SEPTEMBER 2021

No.	Name of shareholders	No. of shares	%
1	LIM BOON HOCK BERNARD	74,599,041	16.21
2	LIM BOON CHIN BENJAMIN (LIN WENJIN BENJAMIN)	43,004,855	9.34
3	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	30,436,234	6.61
4	LIM BOON HOH BENEDICT (LIN WENHE, BENEDICT)	28,540,925	6.20
5	LIM CHAI LAI @ LOUIS LIM CHAI LAI	16,802,867	3.65
6	LIM LIAN HIONG	15,335,628	3.33
7	DBS NOMINEES PTE LTD	12,923,180	2.81
8	LIM HIANG LAN	12,174,738	2.65
9	LIM PHEK CHOO CONSTANCE	10,601,386	2.30
10	LIM LIAN ENG	8,919,850	1.94
11	CHEN LAWRENCE LI	7,090,001	1.54
12	CHAN KUM LIN CAROLYN	6,851,471	1.49
13	AU AH YIAN	6,608,173	1.44
14	CHIA AH HENG	6,000,000	1.30
15	GERALDINE CHENG HUA YONG	5,986,937	1.30
16	CITIBANK NOMINEES SINGAPORE PTE LTD	5,416,341	1.18
17	GERALD CHENG KAI YONG (ZHONG KAIYANG)	5,212,191	1.13
18	YEN TSUNG HUA	5,122,140	1.11
19	PHILLIP SECURITIES PTE LTD	4,057,049	0.88
20	KHALID S/O FAIZ MOHAMED	3,874,401	0.84
		309,557,408	67.25

FREE FLOAT OF EQUITY SECURITIES

On the basis in information available to the Company approximately 38.63% of the equity securities of the company excluding preference shares and convertible securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

ANALYSIS OF SHAREHOLDINGS

As at 21 September 2021

LIST OF SUBSTANTIAL SHAREHOLDERS AND THEIR SHAREHOLDINGS AS AT 21 SEPTEMBER 2021 BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of shares	
Name	Shareholdings registered in the name of Substantial Shareholders	Shareholdings in which Substantial Shareholders are deemed to have an interest
Mr. Lim Boon Hock Bernard (1)	74,599,041	3,616,195
Mdm. Pang Yoke Chun (2)	3,616,195	74,599,041
Mr. Lim Boon Chin Benjamin	43,004,855	NIL
Mr. Lim Chye Huat @ Bobby Lim Chye Huat	30,436,234	NIL
Mr. Lim Boon Hoh Benedict (3)	28,540,925	587,200
Mdm. Guah Li Mei, Joanna (4)	587,200	28,540,925
Mr. Lim Chai Lai @ Louis Lim Chai Lai (5)	16,802,867	6,851,471
Mdm. Chan Kum Lin (6)	6,851,471	16,802,867

Notes:-

(1) Mr. Lim Boon Hock Bernard is deemed to have an interest in the 3,616,195 shares held by his wife, Mdm. Pang Yoke Chun.

(2) Mdm. Pang Yoke Chun is deemed to have an interest in the 74,599,041 shares held by her husband, Mr. Lim Boon Hock Bernard.

(3) Mr. Lim Boon Hoh Benedict is deemed to have an interest in the 587,200 shares held by his wife, Mdm. Guah Li Mei, Joanna.

(4) Mdm. Guah Li Mei, Joanna is deemed to have an interest in the 28,540,925 shares held by her husband, Mr. Lim Boon Hoh Benedict.

(5) Mr. Lim Chai Lai @ Louis Lim Chai Lai is deemed to have an interest in the 6,851,471 shares held by his wife, Mdm. Chan Kum Lin.

(6) Mdm. Chan Kum Lin is deemed to have an interest in the 16,802,867 shares held by her husband, Mr. Lim Chai Lai @ Louis Lim Chai Lai.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tai Sin Electric Limited will be held via electronic means on Friday, 29 October 2021 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 30 June 2021 together with the Auditors' Report thereon.

2. To declare a final one-tier tax exempt dividend of $0.015 per ordinary share for the year ended 30 June 2021.

3. To approve the payment of up to $253,000 as Directors' fees for the year ending 30 June 2022. (2021 : $253,000)

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

   (a) Mr. Lee Fang Wen; and

   (b) Mr. Soon Boon Siong.

5. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

6. **Authority to issue new shares and/or convertible instruments**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to issue shares in the capital of the Company whether by way of rights, bonus or otherwise ("shares") and/or make or grant offers, agreements or options that might or would require shares to be issued ("Instruments") including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time, to such persons, upon such terms and conditions and for such purposes, as the Directors may in their absolute discretion deem fit, provided that:-

   (i) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company;

   (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed, after adjusting for:-

      (a) new shares arising from the conversion or exercise of any convertible securities or employee share options that are outstanding when this Resolution is passed; and

      (b) any subsequent bonus issue, consolidation or subdivision of shares; and

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

8. **Authority for continued appointment of Independent Director in accordance with Rule 210(5)(d)(iii) of the Listing Manual**

"That, subject and contingent upon the passing of the Ordinary Resolution to re-elect Mr. Soon Boon Siong as Director under Agenda item 4(b) of the Notice of Annual General Meeting:-

(i) the continued appointment of Mr. Soon Boon Siong as an Independent Director, be and is hereby approved by shareholders (excluding Directors, the Chief Executive Officer and their respective associates) in accordance with Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022); and

(ii) the authority conferred by this Resolution shall continue in force until the earlier of (a) the retirement or resignation of Mr. Soon Boon Siong as a Director; or (b) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution."

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

BY ORDER OF THE BOARD

Tan Shou Chieh
Secretary

Singapore, 14 October 2021

Explanatory Notes:

(1) The ordinary resolution proposed in item 3 above, is to facilitate payment of Directors' fees to Non-executive Directors on a continuing "as-earned" current year basis, for the financial year ending 30 June 2022 ("FY 2022").

If shareholders' approval is obtained for this proposal, payment of Directors' fees to the Non-executive Directors will be pro-rated or apportioned accordingly and made on or after the last day of each quarter in FY 2022 in respect of the period then ended. If, for unforeseen reasons, payments are required to be made to Directors in excess of the amount proposed in item 3, the Company will revert to shareholders for approval at the subsequent Annual General Meeting before any such payments are made.

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

NOTICE OF ANNUAL GENERAL MEETING

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

(3) Mr. Soon Boon Siong who was appointed as a Director of the Company on 7 November 2012, is retiring by rotation under Article 91 of the Constitution of the Company. He is considered by the Board of Directors as an Independent Director, and if re-elected under item 4(b) above, will remain as Lead Independent Director, Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and the Nominating Committee.

A separate ordinary resolution is proposed as special business in item 8 to seek prior approval pursuant to Mainboard Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, for the continued appointment of Mr. Soon Boon Siong as an Independent Director of the Company from 1 January 2022.

(4) The ordinary resolution proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue new shares or instruments convertible into shares in the Company subject to the limits imposed by the Resolution, for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(5) The ordinary resolution proposed in item 7 above, if passed, will authorise the Directors of the Company to issue shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme principally to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

(6) Mainboard Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), provides that a Director will not be independent if he has been a Director for an aggregate period of more than nine (9) years and his continued appointment as an Independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors, the Chief Executive Officer of the Company and their respective associates. Such resolutions may remain in force until the earlier of (i) the retirement or resignation of the Director or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of the resolutions.

The ordinary resolution proposed in item 8 above is seeking to obtain prior approval from shareholders, excluding the Directors, the Chief Executive Officer and their respective associates for Mr. Soon Boon Siong's continued appointment as an Independent Director, as he will have served for more than 9 years on the Board of the Company by 1 January 2022.

Upon passing the ordinary resolutions proposed in items 4(b) and 8 above, the continued appointment of Mr. Soon Boon Siong as an Independent Director of the Company shall pursuant to Mainboard Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, continue from 1 January 2022 until the earlier of his retirement or resignation as a Director or until the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

Should the ordinary resolution proposed in item 8 be not passed, Mr. Soon Boon Siong will be re-designated as a Non-Executive and Non-Independent Director as of and from 1 January 2022 and the Company will take the appropriate steps to appoint new Independent Director(s) to fully comply with the 2018 Code of Corporate Governance.

Important Notes:

Participation in the Annual General Meeting ("AGM") via live webcast or live audio-only stream

In view of the ongoing COVID-19 situation, the AGM is being convened, and will be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

The pre-registration procedure for the AGM is as follows:

(a) shareholders who wish to participate in the AGM via Live Webcast or Live Audio-Only Stream must register their details including full name, NRIC/Passport/Company Registration Number, email address and contact number on the Company's AGM pre-registration website at the URL https://www.taisinelectric.com/agm which is also accessible by scanning the QR code below, by 10.00 a.m. on Tuesday, 26 October 2021 ("**Registration Deadline**") for the Company to verify their status as shareholders;

(b) verified shareholders will receive an email by 2.00 p.m. on Thursday, 28 October 2021 containing instructions to access the Live Webcast or Live Audio-Only Stream. Shareholders must not forward the link or their log-in details to third persons who are not shareholders and who are not entitled to attend the AGM proceedings; and

(c) shareholders who do not receive an email by 2.00 p.m. on Thursday, 28 October 2021 but have registered before the Registration Deadline should email to: agm@taisin.com.sg for assistance.

NOTICE OF ANNUAL GENERAL MEETING

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

Submission of questions prior to the AGM

Shareholders who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance before the Registration Deadline, through the Company's AGM pre-registration website mentioned above or by post to the registered office of the Company at 24 Gul Crescent, Singapore 629531.

The Company will endeavour to upload the Company's response to substantial queries from shareholders on SGXNET and the Company's AGM pre-registration website mentioned above, before the AGM and in any case, by Thursday, 28 October 2021.

Consequently, the Company will not be addressing any questions during the Live Webcast and Live Audio-Only Stream.

Voting by proxy

A shareholder will not be able to vote through the Live Webcast and Live Audio-Only Stream. Voting is only through submission of the proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The accompanying proxy form for the AGM may be accessed from the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's AGM pre-registration website mentioned above.

The instrument appointing the Chairman of the AGM as proxy must be:

(a) deposited at the registered office of the Company at 24 Gul Crescent, Singapore 629531; or

(b) emailed to: agm@taisin.com.sg;

not less than forty-eight (48) hours before the time appointed for holding the AGM. Any incomplete/improperly completed proxy form (including proxy form which is not appointing "Chairman of the Meeting" as proxy) will be rejected by the Company.

For CPF or SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM.

Annual Report

The Annual Report for the financial year ended 30 June 2021 can be assessed from the SGX website at www.sgx.com/securities/company-announcements and the Company's AGM pre-registration website mentioned above.

AGM Pre-registration Website QR Code

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Soon Boon Siong	Mr. Lee Fang Wen
Date of appointment	7 November 2012	1 July 2015
Date of last re-appointment (if applicable)	29 October 2019	29 October 2019
Age	72	60
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the recommendation of the Nominating Committee on the good performance and contribution and demonstrated independence of Mr. Soon Boon Siong during his tenure in office. His extensive experience in corporate finance and as financial adviser enhances the Board's collective skills and experience as a whole. The Board after review has concluded that Mr. Soon Boon Siong is qualified and suitable for re- election as Independent Director of the Company.	The Board has considered, among others, the recommendation of the Nominating Committee and the performance, contribution and demonstrated independence of Mr. Lee Fang Wen during his tenure in office. His engineering background with experience of setting up businesses and spearheading business development, complements and enhances the Board's collective skills and experience as a whole. The Board after review has concluded that Mr. Lee Fang Wen is qualified and suitable for re-election as Independent Director of the Company.
Whether appointment is executive, and if so, area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.):	• Lead Independent Director • Audit and Risk Committee Chairman • Nominating Committee Member • Remuneration Committee Member	• Independent Director • Audit and Risk Committee Member • Nominating Committee Member • Remuneration Committee Chairman
Professional Qualifications	Refer to section on Board of Directors of this annual report for details	
Working experience and occupation(s) during the past 10 years:	• Managing Director - Corporate Finance of Crowe Horwath Capital Pte Ltd (previously known as Partners Capital (Singapore) Pte Ltd) (2010 – present)	• Executive Director - Creative Master Bermuda Limited (April 2013 - December 2014)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Soon Boon Siong	Mr. Lee Fang Wen
Shareholding / Interest / Share Options in the listed issuer and its subsidiaries:	None	None
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:	None	None
Conflict of interest (including any competing business):	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7))	Yes	Yes
Other principal commitments including Directorships - Past (for the last five years)	• Dynamic Colours Limited	• Asiatic Group (Holdings) Limited
Other principal commitments including Directorships - Present	Nil	Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Mr. Soon Boon Siong	Mr. Lee Fang Wen
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast and live audio-only stream), submission of questions by Members in advance, addressing of substantial and relevant questions by the Company and voting by appointing the Chairman of the AGM as proxy of Members, are set out in the Notice of AGM.
3. In view of the ongoing COVID-19 situation, Members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.
4. If a CPF or SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach their respective CPF Agent Banks or SRS Operators to submit his/her votes at least seven (7) working days before the AGM.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a Member's proxy to vote on his/her/its behalf at the AGM.

I/We ____ (Name)

NRIC/Passport/Company Registration No. ______________________________

of ____ (Address)

being a Member/Members of Tai Sin Electric Limited hereby appoint the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held **via live webcast and live audio-only stream on Friday, 29 October 2021 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy to vote for, against or to abstain from voting the Resolutions proposed at the AGM as indicated hereunder. In appointing the Chairman of the AGM as proxy, a Member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Voting will be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of Directors' Statement and Audited Financial Statements			
2.	Declaration of Final Dividend			
3.	Approval of Directors' Fees for year ending 30 June 2022			
4.	(a) Re-election of Mr. Lee Fang Wen as a Director			
	(b) Re-election of Mr. Soon Boon Siong as a Director			
5.	Re-appointment of Auditors and fixing their remuneration			
6.	As special business - approving the Mandate for the Directors to issue new shares and/or convertible instruments			
7.	As special business - authorising the Directors to issue new shares pursuant to the Tai Sin Electric Limited Scrip Dividend Scheme			
8.	As special business – approving the continued appointment of Mr. Soon Boon Siong as an Independent Director by Members (excluding the Directors, the Chief Executive Officer and their respective associates)			

Dated this __________ day of ______________________ 2021.

Total Number of Shares Held

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

IMPORTANT:
PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by you.

2. Members will not be able to attend the AGM in person and will also not be able to vote through the live webcast and live audio-only stream. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. Members who hold shares through relevant intermediaries, including CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, (Chapter 50).

   CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM.

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

5. The Proxy Form appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where the Proxy Form appointing Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

6. The Proxy Form must be submitted to in the following manner:

   (a) if submitted by post, be lodged at the registered office of the Company at 24 Gul Crescent, Singapore 629531; or

   (b) if submitted electronically, be submitted via email to: agm@taisin.com.sg;

   in either case, by 27 October 2021, 10.00 a.m., being 48 hours before the time fixed for the AGM.

   A Member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

General:

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 October 2021.

CORPORATE DIRECTORY

CORPORATE HEADQUARTERS

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SINGAPORE

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