

GLOBAL BRANDS OUR STRENGTH

ANNUAL REPORT 2016





DISTRIBUTION EXCELLENCE

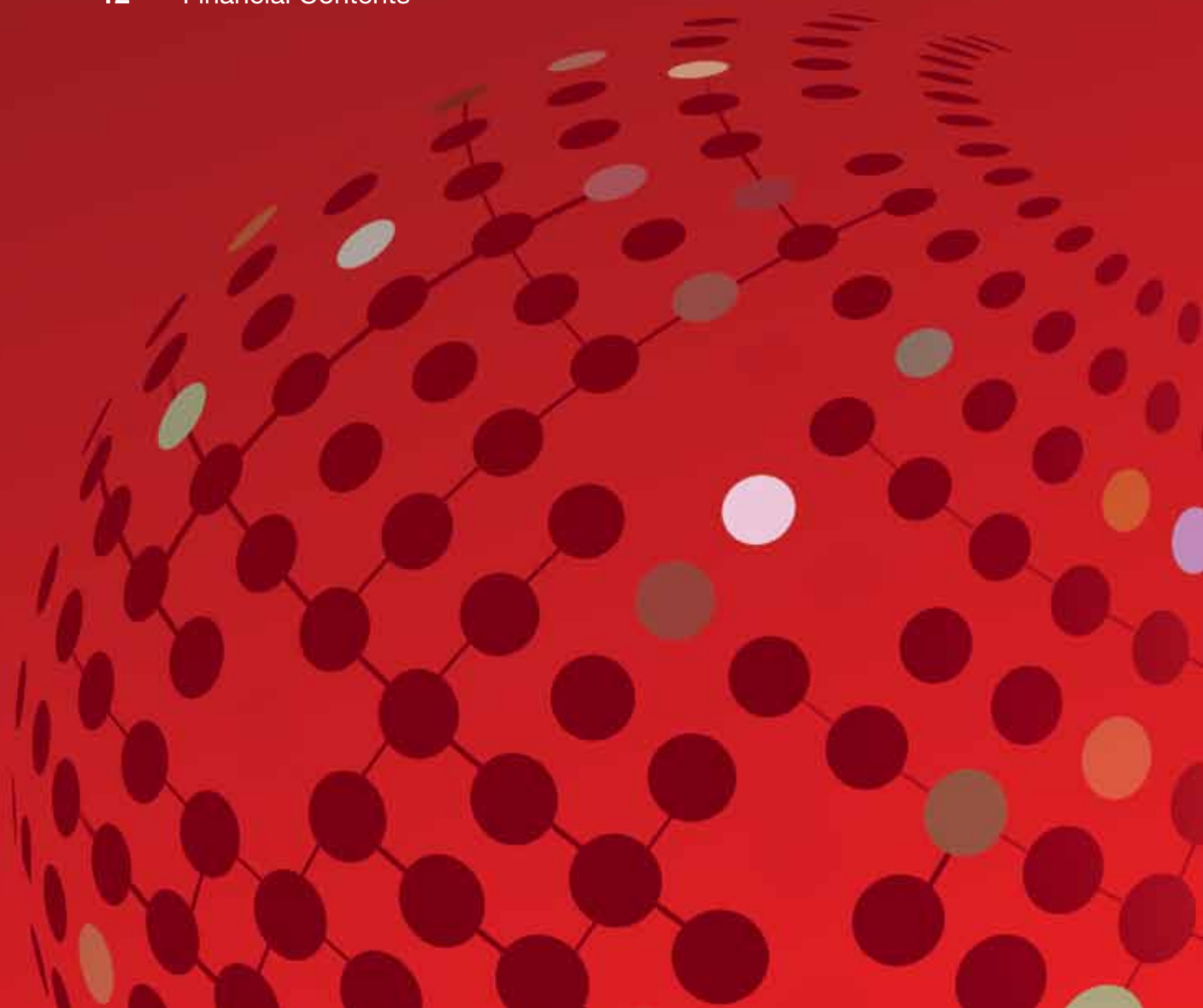


Established in 1933, the Group is **the most prominent independent automotive parts distributor in Southeast Asia.**

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

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CORPORATE INFORMATION

Board Of Directors

Ong Hock Siang @
Ong Huat Seong (Chairman)
Ong Huat Kee
Ong Huat Yew Peter
Ong Huat Choo
David Chong Tek Yew
Ong Lay May Apple
Ong Eng Chian Kelvin
Ong Eng Waey Abel
Ong Eng Mien Malcolm
Hee Theng Fong
Lim Lee Meng
Tham Khuan Heng
Chen Timothy Teck Leng @
Chen Teck Leng
(Appointed on 8 December 2016)

Enterprise Risk Management Committee

Ong Huat Yew Peter (Chairman)
Ong Hock Siang @
Ong Huat Seong
David Chong Tek Yew
Ong Eng Chian Kelvin
Ong Huat Kee
Ong Huat Choo
Ong Lay May Apple

Audit Committee

Tham Khuan Heng (Chairperson)
Hee Theng Fong
Lim Lee Meng
Chen Timothy Teck Leng @
Chen Teck Leng
(Appointed on 6 March 2017)

Nominating Committee

Hee Theng Fong (Chairman)
Lim Lee Meng
Tham Khuan Heng
Ong Hock Siang @
Ong Huat Seong
Ong Huat Kee
Chen Timothy Teck Leng @
Chen Teck Leng
(Appointed on 6 March 2017)

Remuneration Committee

Lim Lee Meng (Chairman)
Hee Theng Fong
Tham Khuan Heng
Chen Timothy Teck Leng @
Chen Teck Leng
(Appointed on 6 March 2017)

Company Secretary

Evelyn Wee Kim Lin

Registered Office

3C Toh Guan Road East #01-03
Singapore 608832
Tel: 6567 8601
Fax: 6567 8884

Registrar And Share Transfer Office

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 6227 6660

Auditors

KPMG LLP
Public Accountants
and Chartered Accountants
Singapore
Partner-in-Charge appointed since
the financial year ended
31 December 2014
– Tan Yek Lee Doreen

Main Bankers

DBS Bank
KBC Bank N.V.
Maybank
United Overseas Bank

CORPORATE GROUP

Subsidiaries

Imparts Holdings Pte Ltd
Filsound Enterprise Pte Ltd
TS Motorsport Pte. Ltd.
TSC Comparts Pte. Ltd.
Everts Pte. Ltd.
Joining Enterprise Pte. Ltd.
Tokyo Motor Pte. Ltd.
Imparts Automotive Pty Ltd
Imparts Distribution Pty Ltd
Automotive Partners Asia Pty Ltd

Naga Jaya Automotive Sdn Bhd
Edaran PAL Sdn Bhd
PAL Everts Co., Ltd.
TSC Enterprise (HK) Limited
TSC Trading (Shenzhen) Company
Limited
Sejong Parts Plus Limited Liability
Company
PT Palindo Makmur

Associated Corporation

Lintrex (Australia) Pty Ltd

5-YEAR FINANCIAL SUMMARY

| Results \$'000 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 171,000 | 193,637 | 201,052 | 201,414 | 210,904 |
| Profit before tax | 16,922 | 7,581 | 4,011 | 1,102 | 7,373 |
| Tax expense | (609) | (1,432) | (1,345) | (571) | (594) |
| Profit for the year | 16,313 | 6,149 | 2,666 | 531 | 6,779 |
| Non-controlling interests | (22) | (43) | (45) | (73) | (57) |
| Attributable profit | 16,291 | 6,106 | 2,621 | 458 | 6,722 |
| Earnings per share (cents)* | 18.67 | 7.00 | 3.00 | 0.53 | 7.70 |
| Financial Position \$'000 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Property, plant and equipment | 4,926 | 4,966 | 5,141 | 2,485 | 2,362 |
| Goodwill on consolidation | 127 | 113 | 109 | 104 | 105 |
| Investment properties | 1,501 | - | - | - | - |
| Other non-current tangible assets | 2,465 | 2,444 | 2,392 | 2,451 | 2,391 |
| Current assets | 122,962 | 140,712 | 142,124 | 155,075 | 157,963 |
| Total assets | 131,981 | 148,235 | 149,766 | 160,115 | 162,821 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 38,057 | 38,057 | 38,057 | 38,057 | 38,057 |
| Reserves | 18,681 | 21,063 | 19,728 | 15,512 | 17,090 |
| Share capital and reserves | 56,738 | 59,120 | 57,785 | 53,569 | 55,147 |
| Non-controlling interests | 60 | 100 | 146 | 203 | 258 |
| Total equity | 56,798 | 59,220 | 57,931 | 53,772 | 55,405 |
| Current liabilities | 72,682 | 87,696 | 90,596 | 104,842 | 106,633 |
| Non-current liabilities | 2,501 | 1,319 | 1,239 | 1,501 | 783 |
| Total liabilities | 75,183 | 89,015 | 91,835 | 106,343 | 107,416 |
| Total equity and liabilities | 131,981 | 148,235 | 149,766 | 160,115 | 162,821 |
| Net tangible assets per share (cents)* | 65.00 | 67.70 | 66.20 | 61.40 | 63.20 |

*Adjusted for share consolidation

An aerial, high-angle photograph of a massive container yard. The yard is filled with hundreds of stacks of shipping containers in various colors, including red, blue, and white. Several large yellow gantry cranes are positioned across the yard, used for moving and stacking the containers. The scene is bathed in a warm, golden light, suggesting either sunrise or sunset. The perspective is from a high vantage point, looking down and across the yard.

**THE MOST PROMINENT
INDEPENDENT AUTOMOTIVE
PARTS DISTRIBUTOR IN
SOUTHEAST ASIA**

An aerial photograph of a large port facility. The foreground and middle ground are dominated by numerous stacks of shipping containers in various colors, including red, blue, and white. Yellow gantry cranes are positioned throughout the yard, some with their booms extended. In the background, the port extends to the sea, where several ships are visible. The sky is clear and blue, suggesting a bright day.

**FOCUSING MAINLY
ON MAINTENANCE
AND REPLACEMENT
AUTOMOTIVE PARTS
FOR THE REGION'S
VEHICLES**

CHAIRMAN'S STATEMENT



Review of Performance

Turnover grew by 4.7% or \$9.5 million to \$210.9 million. Business picked up moderately in FY16 after a period of steady progress in FY15. The growth generated by the Group's overseas operations was encouraging despite a weak macro environment and reflects the strength of the Group's business in its target markets.

Total margins increased by \$2.3 million due to the higher turnover at a largely steady gross margin rate. Overall operating expenses increased by \$3.1 million mainly due to an increase in staff costs of \$1.9 million and a foreign exchange loss amounting to \$0.7 million. Other income decreased by \$0.4 million.

The gain from the sale of the Group's properties at Waterloo Centre amounted to \$7.9 million.

Profit from operations (PBIT) increased from \$3.3 million to \$10.0 million. Profit before tax increased to \$7.4 million.

Details relating to the performance of the business are set out in the Business Review section of this Annual Report.

Current Year Prospects

Anchored by the Group's distribution network, the platform for the Group's prospects remains resilient. The Group's businesses in Singapore and Australia returned to growth in FY16, and South Korea continued to advance. Malaysia made moderate progress but was held back in SGD terms in FY16 due to the depreciation of the MYR against the SGD. Barring a further notable depreciation in the MYR, Malaysia is expected to return to growth in the current year.

The continuing volatility in foreign exchange rates remains a factor as approximately 54% of the Group's turnover is now generated by its overseas operations in foreign currencies, primarily in AUD, MYR and KRW, these being the home currencies of the Group's larger overseas operations. A stronger SGD relative to these currencies will reduce the growth rates the Group registers in SGD.

It was mentioned in last year's commentary that the Group is conscious of the need to balance its profitability objectives against continuing development, which invariably involves start-up costs to some extent. The Group has not expanded its network of Group-operated warehouse facilities in a significant way since 2H16. This restraint is intended to allow a period in which revenues are built up without a significant increase in operating cost levels, thereby helping to improve operational profitability.

Barring unforeseen circumstances, the Group is expected to remain profitable in the current financial year.

The Way Forward

The Group remains focused in pursuing its strategic business direction in expanding its geographical footprint in Asia. Partnering principals mostly from Europe, Japan and Korea, a key element of the Group's strategy would be to make available one of the largest portfolio of top-tier global brands of automotive parts to customers located throughout Asia.

Sale of Properties

The sale of the properties at Waterloo Centre was successfully completed on 1 March 2016 yielding a gain of \$7.9 million. The Group will now continue to operate on a fixed asset-light path.

New Board Appointment

Once again, on behalf of the Board, I would like to welcome Timothy Chen to the Board of Directors. He joined us on 8 December 2016 as a non-executive independent director.

Dividend

The Board of Directors announced a final ordinary dividend amounting to \$0.751 million on 17 February 2017. Together with the interim special dividend of \$3.25 million and the interim ordinary dividend of \$0.751 million paid out earlier in the year, total dividends for the year ended 31 December 2016 amounted to \$4.752 million.

Ong Hock Siang

Chairman

23 March 2017

BUSINESS REVIEW



SYDNEY



SEOUL



JAKARTA

Turnover grew by 4.7% or \$9.5 million to \$210.9 million. Business picked up moderately in FY16 after a period of steady progress in FY15. The growth generated by the Group's overseas operations was encouraging despite a weak macro environment and reflects the strength of the Group's business in its target markets.

The export-based business in Singapore improved by 1.3% after experiencing a drop in the previous year. Although business sentiment remained weak in many of the Group's export markets with momentum volatile through the year, the Group's business remained resilient on the back of a diversified export market base.

In addition to efforts to regain momentum for exports, the Group continued to build its overseas operations. Business generated by the Group's overseas operations gained momentum during the year after a slow start in 1Q16. Turnover grew by 7.8% overall in FY16 in SGD terms over the previous year, by 10.0% had exchange rates between the relevant currencies and the SGD remained the same. Certain currency pairs relevant to the Group remained volatile. Comparing the average exchange rates for FY16 with FY15, the MYR/SGD and

KRW/SGD depreciated by 5.1% and 2.0% respectively.

Of the Group's larger overseas operations, business in South Korea continued to advance and Australia continued on its recovery course. Malaysia experienced a slower pace of growth, partially due to the high base effect in 1Q15 as customers made higher purchases prior to the implementation of the goods and services tax on 1 April 2015. In MYR terms, turnover grew by 2.4% but in SGD terms, turnover declined by 2.8% due to the notable depreciation of the MYR against the SGD.

Total margins increased by \$2.3 million due to the higher turnover at a largely steady gross margin rate.

Overall operating expenses increased by \$3.1 million mainly due to an increase in staff costs of \$1.9 million and a foreign exchange loss amounting to \$0.7 million.

The increase in staff costs mainly reflected the increase in staff strength in South Korea and Australia amounting in aggregate to \$1.5 million and an accrual of \$0.4 million for the profit share for the directors in



KUALA LUMPUR



BANGKOK

connection with the gain made from the sale of the properties at Waterloo Centre in Singapore. The team in South Korea continued to be built up to support business growth and network expansion. In Australia, the team size grew to staff the five new sales and logistics facilities added in 2Q15.

Other income decreased by \$0.4 million. As the leaseback period for the property at Jurong East in Singapore had expired in January 2015, there was neither rental income nor amortization of deferred income in FY16.

The gain from the sale of the Group's properties at Waterloo Centre amounted to \$7.9 million.

Profit from operations (PBIT) increased from \$3.3 million to \$10.0 million. Finance costs increased from \$2.2 million to \$2.6 million. Profit before and after tax increased to \$7.4 million and \$6.8 million respectively.

BOARD OF DIRECTORS



ONG HOCK SIANG
Chairman



ONG HUAT KEE
Deputy Chairman



ONG HUAT YEW PETER
President



ONG HUAT CHOO



DAVID CHONG TEK YEW
Managing Director



ONG LAY MAY APPLE



ONG ENG CHIAN KELVIN
Deputy Managing Director



ONG ENG WAEY ABEL



ONG ENG MIEN MALCOLM



HEE THENG FONG



LIM LEE MENG



THAM KHUAN HENG



CHEN TIMOTHY TECK LENG
@CHEN TECK LENG

GROUP MANAGEMENT TEAM

ONG HOCK SIANG

Chairman

Mr Ong has been with the Group since 1966. Earlier in his career he was with the Inland Revenue and the Nanyang Siang Pau. He was the President of The Singapore Cycle and Motor Traders' Association for 14 years until 2000.

ONG HUAT YEW PETER

President

Mr Ong has been with the Group since 1965. He was appointed Managing Director in 2002 and President in February 2014. Mr Ong was also elected to be President of The Singapore Cycle and Motor Traders' Association in February 2014. He was previously the Association's Vice President.

DAVID CHONG TEK YEW

Managing Director

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

ONG ENG CHIAN KELVIN

Deputy Managing Director

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

LARRY LAI

Group Financial Controller

Mr Lai joined the Group in October 2007. Prior to this appointment, he held a senior finance position in an American MNC for three years. Earlier, Mr Lai was the Group's financial controller for seven years. Mr Lai graduated from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants.

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