

TAI SIN ELECTRIC LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No.: 198000057W)

RESPONSE TO QUERY FROM SINGAPORE EXCHANGE REGULATION ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The Board of Directors ("**Board**") of Tai Sin Electric Limited (the "**Company**" or "**TSEL**", and together with its subsidiaries, the "**Group**") wishes to provide its responses to the query raised by the Singapore Exchange Regulation ("**SGX RegCo**") on 13 October 2023 with respect to the Company's announcement on 9 October 2023 in relation to the annual report for the financial year ended 30 June 2023 ("**Annual Report 2023**").

SGX RegCo's Query:

We note from page 117 (Note 5 on Related Party Transactions) of the annual report that the Company had entered into related party transactions with companies in which members of key management have interests in during FY2023. Please disclose who/what are the "related parties" and "companies in which members of key management have interests" and why these were not reported as interested person transactions on page 61 of the annual report.

Company's Response:

Extract of Annual Report 2023 Note 5 – Related Party Transactions (Page 117)

<u>Companies in which members of the key management have interest:</u>	Group	
	2023	2022
	\$'000	\$,000
Sales	(424)	(610)
Purchases	302	368
Consultancy service charges to related party	(90)	(201)
Sales of plant and machinery to a related party	-	(51)
Services provided by related parties	-	70
Manpower provided to related parties	(17)	(17)
Rental provided by related parties	41	45
Expenses paid on behalf for a related party	(120)	(32)
Expenses paid on behalf to a related party	95	106

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Sales	(424)

The "related parties" relates to three parties as follows:

- a) A company in Brunei, LKH (B) Sdn Bhd (**LKHB**). *LKHB is 30% owned by a key management, Michael Chang Chai Woon, Executive Director of PKS Sdn Bhd (**PKSB**) and 40% owned collectively by relatives of the Company's Chairman of the Board ("Board Chairman"), Bobby Lim Chye Huat and the Company's Executive Director & Group Chief Executive Officer ("CEO"), Lim Boon Hock Bernard. The relatives are 1) Lim Boon Chin Benjamin (a substantial shareholder of the Company, son of Bobby Lim Chye Huat and

brother of Lim Boon Hock Bernard) ; 2) Lim Hian Lan; 3) Lim Chai Lai @ Louis Lim Chai Lai (a substantial shareholder of the Company and a key management, Chairman of Lim Kim Hai Electric Co (S) Pte Ltd (**LKHE**); 4) Lim Lian Hiong; 5) Lim Phek Choo; 6) Chia Ah Heng (a key management, Deputy Chairman of LKHE); 7) Lim Lian Eng; 8) Chan Kum Lin (a substantial shareholder of the Company); 9) Gerald Cheng Kai Yong (a key management, Head of Group Human Resources of TSEL & Deputy General Manager of LKHE); 10) Lim Chye Kwee.

The transaction relates to sales of i) cable and wire products manufactured by TSEL; ii) switchboard manufactured by PKSB; and iii) electrical components distributed by LKHE to LKHB. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” and is exempted under Rule 915(5) of “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.

- b) A company in Brunei, HSE Engineering Sdn Bhd (**HSEB**) that is 49% owned by a key management, Michael Chang Chai Woon, an Executive Director of PKSB. The transaction relates to sales of switchboard manufactured by PKSB to HSEB. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” and is exempted under Rule 915(5) of “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.
- c) A company in Singapore, M-Tech Air-con & Security Engineering Pte Ltd (**M-Tech**), a subsidiary of Far East Group Limited which our Board Chairman, Bobby Lim Chye Huat and the Company’s Executive Director & Group CEO, Lim Boon Hock Bernard collectively owned more than 5.00% but less than 10.00%. The transaction relates to sales of cable and wire products manufactured by TSEL to M-Tech. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” and is exempted under Rule 915(5) of “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Purchases	302

The “related party” relates to a company in Brunei, LKHB. Please refer to * above for the ownership and relation to the Company. The transaction relates to purchases of electrical components distributed by LKHB in Brunei by PKSB. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” and is exempted under Rule 915(5) of “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Consultancy service charges to related party	(90)

The “related party” relates to a company in Malaysia, CAST Testing & Engineering Sdn Bhd (**CTE**) that is 30% owned by a key management, Lim Eng Heng, CEO of CAST Laboratories Pte Ltd (**CL**). The consultancy service is charged by CL to CTE for the provision of consultancy and technical services. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” and is exempted under Rule 915(5) of “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Manpower provided to related parties	(17)

The “related parties” relates to only a company in Cambodia, CAST Consult Co Ltd (**CCCL**) that is 100% owned by a key management, Lim Eng Heng, CEO of CL. The provision of manpower was provided to CCCL by our wholly own subsidiary in Cambodia, CAST Laboratories Cambodia Co Ltd (**CLKH**) during FY2023. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” and is exempted under Rule 915(5) of “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report.

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Rental provided by related parties	41

The “related parties” relates to two parties as follows:

- a) Wife of a key management, Ng Kin Choy who had left the Group employment with effect on 24 January 2023. He is the Ex-Director of CLKH. The transaction relates to rental of apartment by CLKH from the wife of Ng Kin Choy for the use by employee of CLKH. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” under “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.
- b) Substantial shareholder, Pang Yoke Chun, wife of the Company’s Executive Director & Group CEO, Lim Boon Hock Bernard. The transaction relates to rental of commercial property provided by her to CL. This transaction even though is regarded as an “interested person transaction” within the meaning of Rule 904(5) of “Chapter 9 Interested Person Transactions”, the amount was substantially below the value of \$100,000, hence, it was not reported on page 61 of the Annual Report 2023. Regardless, this transaction has been subjected to discussion and approval by the Company’s Audit and Risk Committee for FY2023.

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Expenses paid on behalf for a related party	(120)

The related party relates to a company in Indonesia, PT CAST Inspection & Engineering (**CIE**) that is 95% owned by a key management, Dewi Yuliana, General Manager of PT CAST Laboratories Indonesia (**CLID**). The transaction relates to expenses that was paid by CLID on behalf of CIE and subsequently recovered from CIE during FY2023. This transaction does not fall under the definitions of Rule 904(5) “interested person transaction” under “Chapter 9 Interested Person Transactions” hence it was not reported on page 61 of the Annual Report 2023.

<u>Companies in which members of the key management have interest:</u>	Group
	2023
	\$'000
Expenses paid on behalf to a related party	95

The related party relates to a company in Malaysia, CTE that is 30% owned by a key management, Lim Eng Heng, CEO of CL. The transaction relates to expenses paid on behalf by CTE for CL and subsequently recovered by CTE during FY2023. This transaction does not fall under the definitions of Rule 904(5) "interested person transaction" under "Chapter 9 Interested Person Transactions" hence it was not reported on page 61 of the Annual Report 2023.

By Order of the Board

Juliana Tan
Company Secretary

19 October 2023