

TAI SIN ELECTRIC LIMITED

(Company Registration No. 198000057W)

(Incorporated in the Republic of Singapore)

ACQUISITION OF 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PT ELMECON MULTIKENCANA BY LIM KIM HAI ELECTRIC CO. (S) PTE LTD

1. Introduction

The Board of Directors of Tai Sin Electric Limited (“**Tai Sin**”) wishes to announce that Lim Kim Hai Electric Co. (S) Pte Ltd (“**LKHE**”), a wholly owned subsidiary of Tai Sin, had on 1 October 2019 entered into Subscription Agreement to take up 40% of the issued and paid-up share capital of PT Elmecon Multikencana (“**Elmecon**”) for an aggregate consideration of S\$500,000 (the “**Acquisition**”).

The Acquisition will result in LKHE owning 6,533 fully paid-up ordinary shares representing 40% of the enlarged share capital of Elmecon.

2. Information on Elmecon

Elmecon (Business Identification Number: 9120009651802) is a limited liability company, duly organized and validly existing under the laws of Indonesia, whose registered office is at Jl. Gajah Mada No. 218, Kelurahan Glodok, Kecamatan Tamansari, Jakarta Barat, Indonesia.

Elmecon’s business is in the field of engineering, automation and wireless monitoring control. It is an authorised distributor of Omron products.

The audited net tangible assets of Elmecon as at 31 December 2018 was IDR6,287 million and its audited profit after tax for the year then ended was IDR1,595 million.

3. Purchase Consideration

The aggregate purchase consideration of S\$500,000 for the Acquisition (the “**Purchase Consideration**”) was agreed upon between LKHE and Elmecon on a willing buyer and willing seller basis.

The Purchase Consideration is funded from internal resources of LKHE.

4. Agreement to purchase an additional 27% of Elmecon from existing shareholders

LKHE has also signed a Share Purchase Agreement on 1 October 2019 to acquire an additional 27% of Elmecon Shares from the two other shareholders of Elmecon, in the event the Profit Target stipulated in the Share Purchase Agreement is met.

5. Conditions to competition

Completion of the Subscription Agreement is conditional upon, among other things:-

- (a) Elmecon obtaining approvals from (i) certain financial institutions and (ii) a principal supplier, on various matters contemplated in the Subscription Agreement and the Share Purchase Agreement; and
- (b) The rectification of specified matters identified during the legal due diligence process.

6. Financial Effects

The Acquisition is not expected to have any material effect on the earnings per share and net tangible assets per share of the Tai Sin Group in the current financial year ending 30 June 2020.

7. Rationale for the Acquisition

Elmecon is in the same line of business as LKHE. The investment in Elmecon provides an excellent opportunity for the Group to gain experience in doing business in Indonesia.

8. Interests of Directors and Substantial Shareholders

None of the directors or substantial shareholders of Tai Sin has any interest, direct or indirect (other than through Tai Sin), in the Acquisition.

BY ORDER OF THE BOARD

Mr. Tan Shou Chieh
Secretary

Singapore, 1 October 2019