

**Issuer:** Tai Sin Electric Limited

**Security:** Tai Sin Electric Limited

**Meeting details:**

Date: 27 Oct 2016

Time: 10:00AM

Venue: Level 1, Stamford Suite, Raffles Country Club, 450 Jalan Ahmad Ibrahim, Singapore 639932

**Company Description**

Tai Sin Electric Limited, an investment holding company, manufactures, trades in, and distributes cable and wire products. The company operates in Cable & Wire, Switchboard, Electrical Material Distribution, Test & Inspection, and Others segments. It provides power, control, and instrumentation cables, including single core cables and wires, low voltage power cables and wires, and instrumentation and control cables; fire resistant and flame retardant cables, such as fire resistant cables and wires, and fire resistant cables for emergency circuits; offshore and marine cables; and customized cables. The company also offers switchgear products, such as low voltage main and sub switchboards, distribution boards, control panels, and others; and trades in and distributes electrical products, such as industrial control products, motor control and drives, electrical distribution and protection systems, enclosure and wiring accessories, cable and cabling systems, wiring devices and accessories, explosion protection products, workplace safety products, test and measurement instruments, energy management and power quality products, lighting and fitting accessories, and environmental monitoring products, as well as maintenance, repair, and operations sourcing products. In addition, it provides consultancy, technical testing, and analysis services; and offers general construction and technical engineering, and construction and infrastructure maintenance services, as well as oil and gas non-construction, testing, and analysis services. The company serves end-users, contractors, manufacturers, system integrators, engineers, and consultants in various categories of infrastructure, industrial, commercial, residential, offshore, and marine projects. It primarily operates in Singapore, Malaysia, Brunei, Vietnam, and Indonesia. The company was founded in 1980 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=500](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=500))

**Q1.** The Cable & Wire (“C&W”) segment performed well. Total sales rose 18% for the year ended 30 June 2016, boosted by higher tonnage and metres sold in spite of lower copper prices. Based on the segmental results, the profitability of C&W increased as well.

- a) The C&W segment has established a strong foothold in Singapore, as well as Malaysia and Vietnam. In his report to shareholders (page 15), the Chief Executive Officer (“CEO”) talked about the new markets of Myanmar and Cambodia. **What is the potential of the C&W segment in these two developing countries? Can the company elaborate further on the market entry strategy?**

In the Test & Inspection (“T&I”) segment, the CEO talked about the contributions of the Malaysian and Indonesian operations in boosting the bottom line. Further investments in CAST Laboratories (“CASTLab”) have been made - additional shares in CASTLab were acquired on 1 July 2016 making it a wholly owned subsidiary and the share capital in Castconsult Sdn Bhd was also increased to RM3 million in November 2015.

- b) **How is the group going to leverage on the existing network and relationships to grow the T&I business? Is the T&I segment one with higher profit margin? Can shareholders expect the T&I business to gradually catch up and overtake the Electrical Material Distribution segment?**

**Q2.** The trade receivables have increased from \$81.8 million in 2015 to \$101.5 million in 2016. The 24% increase is greater than the 11% increase in revenue. Similarly, there is an increase in the trade receivables that are past due but not impaired. There is no reason to be overly concerned as the aging analysis shows that most of the amounts past due are for less than 3 months. **As the group carries out more business activities in foreign markets where legal enforcement/actions could be difficult to carry out, what guidance has the board given to management to manage the potential counterparty/credit risks? Also, can the board help shareholders understand the group’s approach to manage its currency risks?**

**Q3.** In note 29 to the financial statements (page 99 – Profit for the year), the breakdown of total directors’ remuneration is shown. The table below shows the remuneration of the directors of the company and the remuneration of the directors of the subsidiaries.

<b>Directors’ remuneration:</b>	<b>2011 \$’000</b>	<b>2012 \$’000</b>	<b>2013 \$’000</b>	<b>2014 \$’000</b>	<b>2015 \$’000</b>	<b>2016 \$’000</b>
of the company	867	1,677	1,391	1,592	1,385	2,230
of the subsidiaries	1,852	1,672	2,721	2,470	2,413	2,448

Source: Tai Sin Electric Limited Annual Reports

Over the years, the directors of the subsidiaries have often been remunerated substantially more than the directors of the company.

- a) **Can the board provide some visibility into the identities of the directors of the subsidiaries?**
- b) **Are the directors of these subsidiaries also the key management personnel of the group (who were identified in the Corporate Governance Report)?**
- c) **Please disclose the job scope and the responsibilities of the directors of the subsidiaries.**