



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Tai Sin Electric Limited

Stock code: 500

Meeting details:

Date: 31 October 2022

Time: 10.00 a.m.

Venue: Raffles Marina, Theatrette, Level 2, 10 Tuas West Drive, Singapore 638404

Q1. As noted in the chairman’s statement, one of the silver linings to emerge from the COVID-19 pandemic is the heightened emphasis on environmental sustainability to combat climate change. It was disclosed that the group will continue to pursue business opportunities that may arise in the green economy given the robust demand for digital infrastructure like data centres and burgeoning growth of the electric vehicle ecosystem.

- (i) **Can management elaborate further on the “green” opportunities that can be tapped by the group? What is the size of the market addressable by the group in the green economy?**
- (ii) **What are the skills or competencies that the group can leverage to drive its growth in the green economy? Can management (re)state the group’s competitive advantage in the green economy?**
- (iii) **With reference to the robust demand for digital infrastructure like data centres, can the company help shareholders better understand the “green-ness” of data centres?** In Singapore, it was reported that data centres accounted for about 7% of the country’s total electricity consumption in 2020¹ and the government suspended the development of new data centres on state land in 2021, pending a review. **What are the solutions and/or products offered by the group that can improve the energy efficiency of data centres?**

In addition, in his report, the CEO stated the group’s interest to support the country’s push for electric vehicle (“EV”) adoption by providing solutions in EV charging to build up a more sustainable land transport system.

- (iv) **What progress has the group made in this area? Is the group’s strategy to be a solutions provider or to be the active player developing its own EV charging network?**

¹ <https://www.channelnewsasia.com/business/new-data-centres-singapore-temporary-pause-climate-change-1355246>

Q2. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **What is management's view of copper prices going forward?** As shown in Note 10 (page 116 – Derivative financial instruments), as at 30 June 2022, the carrying value of outstanding copper contracts was \$1.38 million (FY2021: \$13.3 million). **Can management update shareholders on the group's hedging practices?**
- (ii) **How sensitive is the price of copper to the current unstable global political situation, high energy prices and supply chain disruptions?**
- (iii) As shown in Note 11 (page 117 – Inventories), the group's carrying value of inventories increased from \$69.9 million to \$98.9 million as at 30 June 2022. The breakdown of inventories is shown below:

11 INVENTORIES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Raw materials	10,223	5,285	6,940	2,392
Work-in-progress	21,820	12,553	12,575	6,472
Finished goods	59,988	45,542	27,297	20,344
Goods-in-transit	6,778	6,557	6,143	4,827
	98,809	69,937	52,955	34,035

(Source: company annual report)

What are the reasons that the group's holding of raw materials and work-in-progress roughly doubled while the value of finished goods held increased by over 30% to \$60.0 million?

- (iv) **Separately, in the Test & Inspection ("T&I") segment, what were the reasons that the group ceased its operations in the Philippines?**
- (v) **Can management also help shareholders better understand some of the tangible benefits (such as measurable productivity improvements, or cost savings) of its Industry 4.0 adoption?**

Q3. The company outsourced its internal audit function to UHY Lee Seng Chan & Co (IA). As disclosed on page 59, the IA presented their internal audit findings of three companies in the group. The audit and risk committee (“ARC”), after reviewing and discussing the findings, accepted management’s responses to the IA’s recommendations. In addition, the ARC approved the internal audit plan for the financial year ending 30 June 2023.

There are 15 subsidiaries in the group (page 121).

- (i) **How long is the internal audit cycle? Are all the subsidiaries covered by the IA?**
- (ii) **In FY2022, which companies were included in the IA and what were the scope and key findings of the internal audit? How does the ARC determine the scope of the IA?**
- (iii) **In addition, what are the recommendations by the IA?**
- (iv) **Are the group’s associates, especially Nylect International Pte. Ltd. and its subsidiaries, included in the group’s internal audit?**
- (v) **Can the ARC help shareholders understand the scope and coverage of the internal audit plan for FY2023?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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