

TAI SIN ELECTRIC LIMITED

(Company Registration No. 198000057W)

(Incorporated in the Republic of Singapore)

RESPONSE TO QUESTIONS AHEAD OF THE UPCOMING ANNUAL GENERAL MEETING TO BE HELD ON 31 OCTOBER 2022

The Board of Directors of Tai Sin Electric Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) refers to the Company’s Notice of Annual General Meeting (“**AGM**”) and AGM Announcement both dated 13 October 2022.

The Company wishes to address all questions received from Shareholders ahead of the upcoming AGM to be held on 31 October 2022.

The questions submitted and the Company’s response to those questions are set out below.

Questions from Shareholder 1

- (1) Provision for onerous contracts.

Quote from financial statement 30 June 2022:

“Management has made assessment for the fixed price onerous contracts which deliveries are expected to be made over the next 5 years after the year end”.

Does Management use derivatives and actually lock in the quantum of provision to be reversed? Or is it an estimate?

Can management provide in the notes, the break-down of the estimated impact of these onerous contracts into financial yrs?

- (2) What is the average duration of Tai Sin’s contract?

Company’s Response to Shareholder 1

- (1) Yes. The company does use derivative financial instruments as a hedge against fluctuation in copper prices.

Please refer to Notes To Financial Statements page 117, Note 10 - Derivative Financial Instruments “Copper contracts” which reads as follows:-

“As at 30 June 2022 and 2021, the group and the company had outstanding copper contracts that were used to hedge significant future fluctuations in copper prices. The instruments purchased are primarily copper derivatives where the group and company pay or receive the difference in actual market price against price contracted as the copper derivatives contracts mature”.

The amount or quantum of provision to be reversed or charged during the year is assessed based on Management's judgement and evaluation of the estimated losses arising from the differences between (1) the committed selling prices and estimated cost of sales for the unfulfilled sales quantities committed in respect of contracts for which delivery has substantially commenced by the end of the financial year; and (2) the committed prices and estimated cost for the services committed in respect of uncompleted contracts.

A considerable amount of judgement is required in assessing the unavoidable costs of meeting the obligations under the contract. This determination requires Management to evaluate and estimate, among other factors copper prices, the outstanding quantity of copper for future delivery and the timing of future delivery, the hedged copper quantity, the quantity of finished goods on hand that can be used to fulfil onerous contracts and the percentage of copper costs in cables.

This was mentioned in page 100 of the Notes To Financial Statements, under Critical Accounting Judgements And key Sources Of Estimation Uncertainty (b) Key sources of estimation uncertainty and (iv) Provision for onerous contracts.

Management is unable to provide the break-down of the estimated impact of these onerous contracts into financial years as the timeline for the delivery of cable and wire are not within Management's control.

- (2) Average duration of Cable & Wire Segment contracts are between 1 to 5 years.

BY ORDER OF THE BOARD

Mr. Tan Shou Chieh
Secretary

Singapore, 25 October 2022