Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: UMS Holdings Limited

Stock code: 558

Meeting details:
Date: 23 June 2020
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman and CEO statement, the group's main semiconductor business remained relatively stable in FY2019, with revenue coming in at $120.7 million, compared to $123.0 million from a year ago.

Net profit attributable to shareholders was $33.6 million for FY2019.

In the company's announcement dated 12 May 2020, the group reported strong revenue growth of 22% (quarter-on-quarter), and a 60% increase in net profit in 1Q2020 to $10.8 million. The company also announced an interim dividend of 1 cent per ordinary share, up from 0.5 cent per ordinary share.

As noted in the company's regular updates to shareholders during the COVID-19 pandemic, the group's manufacturing operations in Singapore, Malaysia and USA have remained operational albeit at lower manpower levels. At the end of April 2020, the group's Penang factory resumed normal operations.

The company has stated that it does not expect the recent temporary halt to have any significant material financial impact on the group.

For FY2019, Semiconductor Integrated System sales increased by 26% to $58.8 million while Component sales fell 19% to $61.9 million. However, in 1Q2020, there was a 29% increase in Component sales to $18.8 million while Semiconductor Integrated System sales increased by 3% to $12.9 million.

(i) **What are the different factors driving semiconductor integrated system sales and component sales?**

It was also disclosed in the chairman and CEO statement that the group had renewed its integrated system business contract with its key customer for another three years. In FY2019, the group's major customer accounted for $120.7 million in revenue out of the total revenue of $131.9 million.

(ii) **Given the close and long-established working relationship with the key customer, has the company proposed a longer term for its business contract so that it reduces the level of uncertainty for the group?**

Q2. Would the board/management provide shareholders with better clarity on matters related to its strategic diversification efforts?

(i) **JEP Holdings: As Mr Andy Luong has been appointed the executive chairman and chief executive officer of JEP, would Mr Luong have sufficient bandwidth to afford the time, energy and attention to both listed companies without compromising his leadership of both companies?**

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(ii) **Starke Singapore Pte Ltd: What is the competitive advantage of Starke which is in the business of material distribution?**

(iii) **Kalf Engineering:** Kalf Engineering continued to be loss-making and the group undertook a restructuring exercise and assigned a senior executive to assist Kalf to turn it around. In addition, one founder of Kalf left and had his shares transferred to the group CEO. **Would the company clarify if the founder of Kalf left and transferred his shares at no consideration to Mr Luong? Would the company be receiving a proportional share of the shares transferred?**

Q3. Interested persons transactions carried out in the financial year were shown on page 129 of the annual report and an extract is shown below:

1. Interested Person Transactions

The transactions entered into with interested person during the financial year which fall under Rule 907 of the Listing Manual of the SGX-ST are:-

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	
		2019 S$'000	2018 S$'000
Sure Achieve Consultant Pte Ltd			
Consultancy Services charges and commission	Transaction above is with Sure Achieve Consultant Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director and shareholder. She is the wife of the CEO of the Group, Mr. Luong Andy. The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the year ended 31 December 2019 amounted to S$1,660,000 which represents approximately 1.13% of the Group's latest audited net tangible assets as at 31 December 2018.	**1,660**	1,919

(Source: adapted from company annual report)

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(i) **Would the board help shareholders understand the services and the deliverables under the consultancy services provided by "Sure Achieve Consultant Pte Ltd"?**

(ii) **How are the fees determined?** In FY2018 and FY2019, the fees were $1.92 million and $1.66 million respectively.

(iii) **Does the consultant report to the executive chairman and CEO?**

(iv) **Is there a fixed term to the consultancy agreement with "Sure Achieve Consultant Pte Ltd"?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)