

**UMS HOLDINGS LIMITED**  
**COMPANY REGISTRATION NO: 200100340R**  
**First Quarter Financial Statement And Dividend Announcement**

**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3) HALF YEAR AND FULL YEAR ANNOUNCEMENTS**

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2021**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	49,611	34,868	42%
Net finance expense (Note (a))	(123)	(65)	89%
Changes in inventories	(3,923)	(1,134)	246%
Raw material purchases and subcontractor charges	(19,349)	(15,155)	28%
Employee benefits expense	(5,673)	(4,544)	25%
Depreciation expense	(1,764)	(1,848)	-5%
Other expenses (Note (b))	(2,899)	(2,846)	2%
Other credits (Note (c))	666	1,685	-60%
Share of profits of associate	259	853	-70%
<b>Profit before income tax</b>	<b>16,805</b>	<b>11,814</b>	<b>42%</b>
Income tax expense (Note (d))	(1,748)	(1,009)	73%
<b>Net profit for the period from continuing operations</b>	<b>15,057</b>	<b>10,805</b>	<b>39%</b>
<b>Profit attributable to:</b>			
<b>Owners of the parent</b>	<b>15,369</b>	<b>10,701</b>	<b>44%</b>
Non- controlling interest	(312)	104	N.M
	<b>15,057</b>	<b>10,805</b>	<b>39%</b>

N.M - Not meaningful

**NOTES TO INCOME STATEMENT****Note (a) Net finance income/ (expense)**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income from cash and cash equivalents	25	76	-67%
Interest expense on lease liabilities	(59)	(52)	13%
Interest expense from bank borrowings (Note (i))	(23)	(21)	10%
Interest expense from loans from related parties	(66)	(68)	-3%
Net finance expense	<b>(123)</b>	<b>(65)</b>	<b>89%</b>

Note 1 (a)(a)(i) – The increase in net finance expense during the quarter was mainly due to lower deposit interest rate during the period.

**Note (b) Other expenses**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Legal and professional fees (Note (i))	(685)	(595)	15%
Utilities (Note (ii))	(907)	(854)	6%
Freight charges (Note (iii))	(213)	(200)	7%
Insurance	(102)	(100)	2%
Upkeep of properties and equipment	(118)	(111)	6%
Upkeep of machinery	(450)	(447)	1%
Others	(424)	(539)	-21%
	<b>(2,899)</b>	<b>(2,846)</b>	<b>2%</b>

Note 1(a)(b)(i) – Professional fees relates mainly to amounts payable to the Group's sales consultant. Refer to note 13.

Note 1(a)(b)(ii) – The increase was mainly due to higher production volume during the period.

Note 1(a)(b)(iii) – The increase was mainly due to higher material purchases and freight rates during the period.

**Note (c) Other credits/ (charges)**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange gains - net (Note (i))	1,275	1,466	-13%
Gain on disposal of property, plant and equipment	6	164	-96%
Allowance for project loss (Note (ii))	(721)	-	N.M
Others (Note (iii))	106	55	93%
	<b>666</b>	<b>1,685</b>	<b>-60%</b>

Note 1(a)(c)(i) – The exchange gain was mainly due to the appreciation of the US dollar during the period.

Note 1(a)(c)(ii) – The increase was due to a provision for project loss relating to Kalf Engineering Pte Ltd

Note 1(a)(c)(iii) – The increase was mainly due to cash grant received from the Singapore Government under the Jobs Support Scheme during the period.

**Note (d) Income tax**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:			
- Current	(1,806)	(1,009)	79%
- Prior years	58	-	N.M
	<b>(1,748)</b>	<b>(1,009)</b>	<b>73%</b>

Note 1(a)(d) - The increase in current income tax was due to higher profits during the period.

**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31 Mar 2021 S\$'000	31 Dec 2020 S\$'000	31 Mar 2021 S\$'000	31 Dec 2020 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	55,073	53,787	571	438
Trade receivables and other current assets (Note (iii))	42,180	23,477	8,495	14,863
Loan to subsidiary	-	-	7,387	7,274
Inventories (Note (iv))	50,015	53,938	-	-
<b>Total Current Assets</b>	<b>147,268</b>	<b>131,202</b>	<b>16,453</b>	<b>22,575</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	192,448	192,448
Property, plant and equipment	54,356	56,318	-	-
Right-of-use assets	4,664	4,755	-	-
Investment property	1,710	1,748	-	-
Investment in associate (Note (v))	35,619	35,360	35,360	35,360
Goodwill	80,083	80,083	-	-
Deferred tax assets	71	71	-	-
<b>Total Non-Current Assets</b>	<b>176,503</b>	<b>178,335</b>	<b>227,808</b>	<b>227,808</b>
<b>Total Assets</b>	<b>323,771</b>	<b>309,537</b>	<b>244,261</b>	<b>250,383</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	7,913	15,710	-	-
Trade and other payables (Note (vi))	32,152	25,356	18,760	30,937
Loan from related parties (Note (vii))	1,403	1,403	-	-
Lease liabilities	236	259	-	-
Income tax payable	4,452	3,456	-	26
<b>Total Current Liabilities</b>	<b>46,156</b>	<b>46,184</b>	<b>18,760</b>	<b>30,963</b>
<b>Non Current Liabilities</b>				
Loan from related parties (Note (vii))	3,920	3,835	-	-
Deferred tax liabilities	1,900	1,908	-	-
Long-term provision*	405	405	-	-
Lease liabilities	4,249	4,256	-	-
<b>Total Non-Current Liabilities</b>	<b>10,474</b>	<b>10,404</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>56,630</b>	<b>56,588</b>	<b>18,760</b>	<b>30,963</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Treasury shares	(1,919)	(1,919)	(1,919)	(1,919)
Reserves	(11,568)	(10,683)	-	-
Retained earnings	142,634	127,265	90,797	84,716
	265,770	251,286	225,501	219,420
<b>Non-controlling interest</b>	<b>1,371</b>	<b>1,663</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>267,141</b>	<b>252,949</b>	<b>225,501</b>	<b>219,420</b>
<b>Total Liabilities and Equity</b>	<b>323,771</b>	<b>309,537</b>	<b>244,261</b>	<b>250,383</b>

\* Provision for reinstatement of leased premises.

Note 1 (b)(i)(i) Investment in Subsidiaries

The details of the subsidiaries as at 31 March 2021 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2021 %	31-Dec-2020 %	31-Mar-2021 S\$'000	31-Dec-2020 S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	51	990	990
Starke Singapore Pte Ltd (Singapore)	70	70	7,076	7,076
Ultimate Mechanical System Sdn. Bhd. (Malaysia)	100	100	1,153	1,153
Unquoted equity shares, at cost			217,236	217,236
Less: Provision for impairment			(24,788)	(24,788)
			<u>192,448</u>	<u>192,448</u>
<u>Held through UMS International Pte Ltd</u>				
Ultimate Manufacturing Solutions (M) Sdn. Bhd. (Malaysia)	100	100		
<u>Held through UMS Pte Ltd</u>				
UMS Solutions Pte Ltd (Singapore)	100	100		
<u>Held through Kalf Engineering Pte. Ltd.</u>				
浙江凯富环境治理工程有限公司 (People's Republic of China)	51	51		
<u>Held through Starke Singapore Pte Ltd</u>				
Starke Asia Sdn. Bhd. (Malaysia)	70	70		
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd.</u>				
AllStar Manufacturing Sdn. Bhd. (Malaysia)	100	100		
<u>Held through UMS Aerospace Pte Ltd</u>				
Integrated Manufacturing Technologies Inc. (United States)	100	100		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$9.1 million (after netting-off short-term borrowing) was mainly due to the net cash generated from operating activities, partially offset by repayment of S\$7.5 million short term loan during the year.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$18.7 million, which were mainly due to higher sales made in the month of March 2021 and advance payment for materials

Note 1(b)(i)(iv) – The decrease in inventories by S\$3.9 million was mainly due to higher shipments made during the period.

Note 1(b)(i)(v) – Investment in associate relate to the Group’s 40.69% equity interest investment in JEP Holdings Ltd. The Group has recognised its share of profit of JEP Holdings Ltd for the period.

Note 1(b)(i)(vi) – Trade and other payables increased by S\$6.8 million, which were mainly due to higher purchase made during the period.

Note 1(b)(i)(vii) – The current loan from related parties relates to amount owing to minority shareholders of Starke Singapore Pte Ltd and the non-current loan from related parties relates to loan from Full City Investments Ltd. Refer to note 13.

**1(b)(ii) Aggregate amount of group’s borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 31 Mar 2021			As at 31 Dec 2020		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	7,913	7,913	-	15,710	15,710

**Details of any collateral**

Not applicable

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	16,805	11,814
Adjustments for:		
Depreciation expense	1,764	1,848
Allowance for project loss	721	-
Gain on disposal of property, plant and equipment	(6)	(164)
Interest income	(25)	(76)
Interest expense	148	141
Share of profit of associate	(259)	(853)
Unrealised foreign exchange loss	(1,717)	(1,424)
<b>Operating cash flows before working capital changes</b>	<b>17,431</b>	<b>11,286</b>
Changes in working capital:		
Trade receivables and other current assets	(16,752)	(4,251)
Inventories	3,222	1,069
Trade and other payables	5,584	1,419
<b>Cash generated from operations</b>	<b>9,485</b>	<b>9,523</b>
Income tax paid	(759)	(71)
<b>Net cash generated from operating activities</b>	<b>8,726</b>	<b>9,452</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	6	170
Purchase of property, plant and equipment	(179)	(764)
Investment in associate	-	(972)
Interest received	25	76
<b>Net cash used in investing activities</b>	<b>(148)</b>	<b>(1,490)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(7,500)	(2,700)
Interest paid	(23)	(21)
	(7,523)	(2,721)
Purchase of treasury shares	-	(1,919)
Repayment of lease liabilities	(92)	(95)
<b>Net cash used in financing activities</b>	<b>(7,615)</b>	<b>(4,735)</b>
Net increase in cash and cash equivalents	963	3,227
Net effect of exchange rate changes	323	1,256
Cash and cash equivalents at beginning of the period	53,787	34,364
<b>Cash and cash equivalents at end of the period</b>	<b>55,073</b>	<b>38,847</b>

- 1(d) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	3 Months Ended		
	31-Mar-21	31-Mar-20	Change
	S\$'000	S\$'000	%
<b>Net Profit for the period</b>	15,057	10,805	39%
Other comprehensive income, net of income tax:			
<i>Items that may be classified subsequently to profit and loss:</i>			
Exchange differences on translation of foreign operations	(865)	(213)	306%
<b>Total comprehensive income for the period</b>	14,192	10,592	34%
<b>Attributable to:</b>			
Equity holders of the Company	14,484	10,732	35%
Non-controlling interests	(292)	(140)	109%
	14,192	10,592	34%



1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distribution to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Attributable to owners of the Company						
	Share Capital S\$'000	Treasury Shares S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total S\$'000
<b>Group</b>							
<b>Balance at 1 January 2020</b>	136,623	-	(10,823)	117,465	243,265	1,621	244,886
<b>Changes in equity for first quarter</b>							
Net profit for the period	-	-	-	10,701	10,701	104	10,805
Other comprehensive income/ (loss) for the period- Exchange differences on translation of foreign operations	-	-	31	-	31	(244)	(213)
<b>Total comprehensive income/ (loss) for the quarter</b>	-	-	31	10,701	10,732	(140)	10,592
Purchase of treasury shares	-	(1,919)	-	-	(1,919)	-	(1,919)
<b>Balance at 31 March 2020</b>	<u>136,623</u>	<u>(1,919)</u>	<u>(10,792)</u>	<u>128,166</u>	<u>252,078</u>	<u>1,481</u>	<u>253,559</u>

	Attributable to owners of the Company						
	Share Capital S\$'000	Treasury Shares S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total S\$'000
<b>Group</b>							
<b>Balance at 1 January 2021</b>	136,623	(1,919)	(10,683)	127,265	251,286	1,663	252,949
<b>Changes in equity for first quarter</b>							
Net profit for the period	-	-	-	15,369	15,369	(312)	15,057
Other comprehensive income/ (loss) for the period- Exchange differences on translation of foreign operations	-	-	(885)	-	(885)	20	(865)
<b>Total comprehensive income/ (loss) for the quarter</b>	-	-	(885)	15,369	14,484	(292)	14,192
<b>Balance at 31 March 2021</b>	<u>136,623</u>	<u>(1,919)</u>	<u>(11,568)</u>	<u>142,634</u>	<u>265,770</u>	<u>1,371</u>	<u>267,141</u>

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>				
<b>Balance at 1 January 2020</b>	136,623	-	72,803	209,426
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(637)	(637)
<b>Total comprehensive expenses for the quarter</b>	-	-	(637)	(637)
Purchase of treasury shares	-	(1,919)	-	(1,919)
<b>Balance at 31 March 2020</b>	136,623	(1,919)	72,166	206,870

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>				
<b>Balance at 1 January 2021</b>	136,623	(1,919)	84,716	219,420
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	6,081	6,081
<b>Total comprehensive expenses for the quarter</b>	-	-	6,081	6,081
<b>Balance at 31 March 2021</b>	136,623	(1,919)	90,797	225,501

- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's issued share capital since the last financial year ended 31 December 2020 to 31 March 2021.

#### **Treasury Shares**

In March 2020, the Company purchased 3,000,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares.

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 March 2021 was 533,429,579 (31 December 2020: 533,429,579).

**1(e)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/ or use of treasury shares by the company during the first quarter ended 31 March 2021.

**1(e)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/ or use of subsidiary holdings as at 31 March 2021.

**2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our external auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including and qualifications or emphasis of matter).**

Not applicable.

**3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, (a) update on the efforts taken to resolve each outstanding audit issue, (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2020.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of the change.**

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group for the current financial period ended 31 March 2021.

**6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>Group</u>	
	<u>3 Months Ended</u>	
	<u>31-Mar-21</u>	<u>31-Mar-20</u>
Earnings per ordinary share of the Group based on net profit attributable to owners of the company:-		
(a) Based on the weighted average number of ordinary shares on issue	2.88 cents	2.00 cents
- Weighted average number of shares (excluding treasury shares)	533,429,579	536,018,468
(b) On a fully diluted basis	2.88 cents	2.00 cents
- Weighted average number of shares (excluding treasury shares)	533,429,579	536,018,468

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediate preceding financial year.**

	Group		Company	
	31-Mar-21	31-Dec-20	31-Mar-21	31-Dec-20
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	49.82 cents	47.11 cents	42.27 cents	41.13 cents
Total number of issued shares (excluding treasury shares)	533,429,579	533,429,579	533,429,579	533,429,579

8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion on the following:**

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

**Revenue  
1Q2021 vs 1Q2020**

	Group		
	3 Months Ended		Change %
	31-Mar-21 S\$'000	31-Mar-20 S\$'000	
<b>Business Segments</b>			
Semiconductor (Semicon)	46,731	31,716	47%
Others	2,880	3,152	-9%
	<u>49,611</u>	<u>34,868</u>	<u>42%</u>
<b>Geographical Regions</b>			
Singapore	33,019	21,930	51%
United States of America ('US')	5,384	6,242	-14%
Taiwan	9,224	5,433	70%
Malaysia	1,547	802	93%
Others	437	461	-5%
	<u>49,611</u>	<u>34,868</u>	<u>42%</u>

**Revenue**

The Group's 1QFY2021 overall revenue rose 42% to S\$49.6 million as compared to the previous corresponding quarter, on the back of the sustained increase in semiconductor demand. Semiconductor segment sales jumped 47%, driven by both higher Integrated System and component sales. Semiconductor Integrated System sales soared by 75% from S\$12.9 million in 1QFY2020 to S\$22.6 million in 1QFY2021. Component sales shot up by 28% to S\$24.1 million in 1QFY2021 from S\$18.8 million in 1QFY2020.

Sales in "Others" segment fell marginally by 9% due to lower revenue from its subsidiary, Starke Singapore ("Starke").

On a sequential basis, compared to 4QFY2020, both Semiconductor and Others segment sales rose by 12% and 22% respectively.

Geographically, the Group's key markets except for the US and Others segments grew significantly in 1QFY2021. Malaysia was the star performer - surging 93% driven by higher material distribution sales; while Taiwan climbed 70% due to increased component spares sales. Singapore sales also surged 51% due to higher shipments of semiconductor Integrated System sales and component sales for new equipment.

The Group's Others geographical segment remained relatively stable while the US revenue eased 14% due to lower component sales.

## Profitability

The Group's 1QFY2021 net profit rose 39% compared to 1QFY2020 – recording a net profit of S\$15.1 million compared to S\$10.8 million in 1QFY2020, while net profits attributable to shareholders surged by 44% to S\$15.4 million during the same period.

The Group's net profit attributable to shareholders this quarter was also 43% higher than its 4QFY2020 net profits (excluding non-cash impairment).

Gross material margin for 1QFY2021 remained stable at 53.1% compared to 53.3% in 1QFY2020 and 53.5% in the previous quarter.

The Group's 1QFY2021 profitability benefited from a S\$1.3 million exchange gain as the US dollar appreciated during the quarter, which was partially offset by a provision for project loss relating to Kalf Engineering ("Kalf") of S\$0.7 million.

Associate company, JEP Holdings ("JEP") also contributed S\$0.3 million to the Group's bottomline. This is 70% lower than its contribution of about S\$0.9 million to the Group last year.

Personnel cost increased by 25% from the previous corresponding quarter due to higher headcount, staff overtime and bonus provisions made. In line with higher production volume, professional fees, freight charges, and utilities increased by, 15%, 7% and 6% respectively.

## Cashflow

The Group's financial position remains robust. It registered S\$8.7 million positive net cash from operating activities and S\$8.5 million free cash flow in 1QFY2021. Operating cashflow would have been better if not for the 73% rise in trade receivables and other current assets (as compared to Dec FY2020) as a result of the surge in sales and advance payment for materials.

Overall, its net cash balance went up by S\$9.1 million to S\$47.2 million in 1QFY2021 compared to S\$38.1 million on 31 December 2020.

The Group pared down S\$7.5 million in bank borrowings during the quarter.

### **9 Where a forecast, or prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.**

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the previous announcement made on 25 February 2021.

### **10 A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Group continued its strong momentum of growth in 1QFY2021 as it remained a beneficiary of accelerating capex demand from global wafer fabs.

This strong start to the year is expected to continue as chip demand remains high, and the global semiconductor industry is forecast to hit record highs in fab equipment spending till 2022.<sup>1</sup>

According to SEMI, chip demand is currently fueled by surging pandemic-related demand for electronics devices and the global semiconductor industry is on track to register a rare three consecutive years of record highs in fab equipment spending with a 16% increase in 2020 followed by forecast gains of 15.5% this year and 12% in 2022, reaching US\$80 billion in spending.<sup>2</sup>

Similarly, in the medium to long term, the global semiconductor manufacturing equipment market is expected to continue growing at 9.6% from 2021 through to 2026 amid supportive trends led by various technological advancements such as the utilization of artificial intelligence (AI) solutions and the integration of connected devices with the Internet of Things (IoT). In addition, electronics manufacturers are using IoT-enabled silicon-based sensors in the manufacturing equipment that offer remote monitoring capabilities for complex circuit boards.<sup>3</sup>

Our key customer has recently shared a very buoyant outlook ahead - as it expects to substantially outgrow its markets again in 2021 and beyond. Such favourable trends bode well for the Group.

In line with our diversification strategy, the Group has made an offer on April 21, 2021 to acquire associate JEP Holdings as we are optimistic of the future of the aviation sector. As governments focus on mass vaccination efforts and launch new initiatives to re-open borders, aviation businesses worldwide are taking steps to restart their operations. This will lead to a gradual recovery in air travel and brighten prospects for the overall aviation industry.

In light of the Group's strong performance, the Board has proposed to reward shareholders with a one cent interim dividend similar to the dividend given in the same period last year. This is in line with the Group's practice of rewarding shareholders with healthy dividends while balancing its needs to conserve cash to fund its long-term growth objectives.

Barring any unforeseen circumstances, the Group will remain profitable in 2021.

[<sup>1</sup>Source: Global chip shortage likely to last through 2021 and even into 2022 as industry grapples with increasingly complex market forces: <https://www.scmp.com/tech/tech-trends/article/3130315/global-chip-shortage-likely-last-through-2021-and-even-2022>]

[<sup>2</sup>Source: Global Fab Equipment Spending Poised to Log Three Straight Years of Record Highs SEMI Reports: <https://www.semi.org/en/news-media-press/semi-press-releases/world-fab-forecast>]

[<sup>3</sup>Source: Semiconductor Manufacturing Equipment Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026: <https://www.imarcgroup.com/semiconductor-manufacturing-equipment-market>]

**11 Dividend**

**(a) Current Financial Period Reported**

Any dividend declared for the current financial period reported on? **Yes**

Name of Dividend	Proposed Interim Dividend
Dividend Type	Cash
Dividend Amount (SGD)	1.0 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

Name of Dividend	Proposed Interim Dividend
Dividend Type	Cash
Dividend Amount (SGD)	1.0 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

**(c) Date payable**

27 July 2021.

**(d) Record date**

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 15 July 2021, for the purpose of determining members' entitlements to the First Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2021.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. (F.K.A. RHT Corporate Advisory Pte. Ltd.), 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to the close of business at 5.00 p.m. on 14 July 2021 will be registered before entitlement to the First Interim Dividend is determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 July 2021 will be entitled to the First Interim Dividend.

**12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

		3 Months Period Ended 31 March 2021
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)  S\$'000
<b>Kalf Engineering Pte Ltd</b>		
Interest expenses from Shareholders loan	<p>Kalf Engineering Pte Ltd ("Kalf") is a company in which both executive directors Mr. Luong Andy and Mr. Stanley Loh Meng Chong have an interest.</p> <p>Transaction above is with Full City Investments Ltd in which Mr. Luong Andy is a director and shareholder. The aggregate value of Interested person transactions entered into between Kalf and Full City Investments Ltd for the period ended 31 March 2021 amounted to S\$58,000 which represents approximately 0.03% of the Group's latest audited net tangible assets as at 31 December 2020.</p>	58
<b>Sure Achieve Consultant Pte Ltd</b>		
Consultancy Services charges and commission	<p>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.</p> <p>The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 31 March 2021 amounted to S\$427,000 which represents approximately 0.25% of the Group's latest audited net tangible assets as at 31 December 2020.</p>	427

14 **Negative confirmation pursuant to Rule 705 (5)**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 1Q2021 and the period ended 31 March 2021 financial results to be false or misleading in any material respect.

15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

**16 Disclosure pursuant to Rule 706A of the Listing Manual**

On 21 April 2021, the Company acquired from Zee Hoong Huay an aggregate of 54,229,355 ordinary shares in the capital of JEP Holdings Ltd (“JEP”) representing approximately 13.10% of the total issued and paid-up share capital of JEP at the price of S\$0.20 per JEP share, for a total consideration of S\$10,845,871.

Prior to the acquisition, the Company owned or controlled, directly or indirectly, in aggregate 168,416,970 JEP shares, representing approximately 40.69% of the total number of issued JEP shares. As a result of the acquisition, the Company owns or controls an aggregate of 222,646,325 JEP shares, representing approximately 53.79% of the total number of issued JEP shares.

**BY ORDER OF THE BOARD**

**Luong Andy**  
**Chief Executive Officer**

10 May 2021