

UMS HOLDINGS LIMITED
(Company Registration Number 200100340R)
(Incorporated in the Republic of Singapore)

FY2019 ANNUAL REPORT – RESPONSE TO SGX’S QUERIES

In response to the queries from Singapore Exchange Securities Trading Limited (“SGX-ST”) in their email dated 28 April 2020, the Board of Directors of the Company wish to provide the information as set out below:-

Query 1

We note that the Company had not complied with Provision 3.1 of the Code as the Company’s Chairman and CEO position is filled by the same person, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 3 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Company Response to Query 1

Mr Andy Luong is both the Chairman of the Board (“Chairman”) and the Chief Executive Officer (“CEO”) of the Company since 2016. The Board is of the view that combining the roles of Chairman and CEO brings about clear leadership and accountability and extensive knowledge regarding the strategic challenges and growth opportunities facing the Group.

Mr Luong is the founder of the Company and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and a wide business network. The Board is of the view that the Company has benefitted from his strong leadership and entrepreneurial acumen; and that it is in the interest of the Company to continue under his visionary leadership to ensure effective implementation of the Company’s strategic objectives

Furthermore, the Chairman and Chief Executive Officer have defined responsibilities which, during his tenure so far, have not conflicted with each other. Mr Luong’s roles are clearly outlined in the Annual Report - Page 26.

Major business proposals are discussed at Board meetings before decisions are made. The Board believes there is sufficient element of independence and adequate safeguards against a concentration of power in one single person.

In addition, the Independent Directors form the majority of the Board, numbering three out of five members of the Board. This ensures a high level of accountability, promotes an appropriate balance of power and authority and allows for independent decision-making at the Board level in keeping with the spirit of good corporate governance.

The appointment of a Lead Independent Director Mr Chay Yiowmin adds to the independent element on the Board. The strong level of independence on the Board enables it to engage in robust decision-making, monitor results, and assess and remunerate management on its performance.

The Company has therefore met the requirements of the Code to ensure that no one individual has unfettered powers of decision making.

Query 2

We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company Response to Query 2

The Company has included the remuneration details of directors on Page 33 of the Annual Report 2019. (Under the section of Corporate Governance Report - Remuneration Details of the Directors).

The actual remuneration of Directors for the financial year ended 31 December 2019 received during the financial year is set out clearly.

The aggregate remuneration of the top five key management personnel (who are not directors or CEO) are disclosed on page 33 of the Annual Report.

For Mr Stanley Loh Meng Chong, who is an Executive Director, his remuneration (and its component parts) is disclosed under the remuneration band of S\$ 500,000 to S\$ 749,999.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of the Executive Director and the Key Management Personnel in the Annual Report to avoid such information being exploited by competitors and to maintain personal confidentiality regarding remuneration matters.

The Company is therefore of the view that the intent of Principle 8 of the Code is met as the remuneration policies, relationships between remuneration, performance and value creation and procedure for setting remuneration and the level and mix of remuneration is disclosed on pages 32 and 33 of the Annual Report.

By Order of the Board

Luong Andy
Chief Executive Officer
Singapore

8 May 2020