

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

---

**RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS**

---

The Board of Directors of UMS Holdings Limited (the “Company” and together with its subsidiaries, the Group”) would like to thank shareholders for submitting their questions in advance of the Annual General Meeting to be held by way of electronic means on 28 April 2021.

The Company and the Board wishes to provide its response to the Questions as follows:-

Question 1

I had been a long time stakeholder of UMS about 7.9 years, I observed that the dividend payout is decreasing for the last 3 years despite improving cashflow from operation. Is there a change in dividend payout ratio in view of any expansion or acquisition plan which require to conserve cash? Could the management throw some estimate on the dividend payout ratio going forward?

Company Response to Question 1

In FY2020, we reduced dividends as we wanted to conserve cash during uncertain times due to the COVID 19 pandemic. We may also need to build up our cash for possible expansion activities in future.

We do not have any fixed dividend payout ratio - as this depends on the cash requirements for the Company's operations.

We will certainly take note of shareholders' views and will keep rewarding them for their continued support of the Group.

Question 2

Given the continued growth in sales forecast of your major customer, who is a major semi-conductor equipment supplier, how is UMS expected to benefit from the shortage of chips in the next few years?

Company Response to Question 2

The global chip shortage will push more foundries to invest in capacity expansion. Indeed, reports have indicated that from 2021 to 2023, leading foundries are likely to undergo a cycle of massive equipment investment. Industry giants such as TSMC, Samsung and Intel will remain the leaders in capital spending, all setting up their new lines locally as well as in the US<sup>1</sup>. This big boost in capex investment will benefit semiconductor equipment manufacturers as well as companies in their supply chain, such as UMS.

[<sup>1</sup>Source: *A Mega Wave of Capex Cycle Starts in Logic Semiconductor Industry*:  
<https://www.counterpointresearch.com/mega-wave-capex-cycle-logic-semiconductor-industry/>]

Question 3

Given that the management expects the recovery of aviation industry within the next few years and its upbeat comments for JEP ahead, how were the impairment of the investment in JEP actually derived? It still seems to be a cashflow positive investment for the next 5 to 10 years.

### Company Response to Question 3

As at 31 December 2020, the carrying amount of the Group's investment in associate, JEP Holdings Ltd ("JEP"), a company listed on the SGX, was S\$35.36 million (net of impairment loss of S\$5.90 million).

We have assessed the recoverable amount to be lower than the carrying amount. Accordingly, we provided an impairment loss of S\$5.9 million for the financial year ended 31 December -2020. The recoverable amount is based on the fair value of the net assets as at year end.

### Question 4

What are the plans to improve return to shareholders, given higher competition among member companies in the semiconductor industry?

### Company Response to Question 4

Based on shareinvestor.com total shareholder returns (TSR) (5 years as at 23 Apr 2021) is 233.33%. While TSR (1 year as at 23 Apr 2021) is 87.67%. This significantly outperformed the STI which rose about 10.2% in the last 5 years.

We will continue ride on the surging semiconductor uptrend and to work hard to deliver positive shareholder returns.

### Question 5

Can the management elaborate on the short-term growth initiative the company is embarking on as mentioned in the financial statement?

### Company Response to Question 5

The Group is constantly looking out for opportunities to improve its operations and shareholders returns. We have recently announced our offer for JEP which will enable us to diversify and grow our revenue streams beyond the semiconductor sector.

### Question 6

Can the company provide integrated system service to the key customer's competitor?

### Company Response to Question 6

We do not have exclusive contract with any customer.

### Question 7

Inventory holding at End Dec 20 amt to \$53m against last year sales of \$164m. Is this inventory all with confirm order and when it can be shipped out?

### Company Response to Question 7

Inventory refers to the goods and materials that the Group holds for the ultimate goal of resale, production or utilization.

Some inventory are with confirm order and will be shipped out shortly whilst others do not. Reasons for keeping inventory include maintaining buffers to meet customer demands

**By Order of the Board**

Luong Andy  
Chief Executive Officer  
Singapore

28 April 2021