

ANNUAL GENERAL MEETING::VOLUNTARY

Issuer & Securities

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SUNRIGHT LIMITED

Security

SUNRIGHT LTD - SG1B17008288 - S71

Announcement Details

Announcement Title

Annual General Meeting

Date & Time of Broadcast

22-Dec-2023 12:25:32

Status

New

Announcement Reference

SG231222MEETKCZ4

Submitted By (Co./ Ind. Name)

Christina Foong

Designation

Company Secretarial Executive

Financial Year End

31/07/2023

Event Narrative

Narrative Type	Narrative Text
Additional Text	Please refer to the attachment for the minutes of the 45th AGM.

Event Dates

Meeting Date and Time

24/11/2023 10:00:00

Event Venue(s)

Place

Venue(s)	Venue details
Meeting Venue	Meeting Room 326, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593.

Attachments

[Sunright Minutes of the 45th AGM 2023.pdf](#)

Total size =897K MB

MINUTES OF THE 45TH ANNUAL GENERAL MEETING HELD AT 10:00 A.M. ON FRIDAY, 24 NOVEMBER 2023 AT MEETING ROOM 326, LEVEL 3, SUNTEC SINGAPORE INTERNATIONAL CONVENTION & EXHIBITION CENTRE, 1 RAFFLES BOULEVARD, SUNTEC CITY, SINGAPORE 039593

PRESENT : As set out in the attendance records maintained by the Company.

1.0 INTRODUCTION

- 1.1 Opening and Introduction Mr. Samuel Lim Syn Soo, Chairman of the Board and the Annual General Meeting (“Chairman”), welcomed everyone to the 45th Annual General Meeting of the Company (“AGM” or “Meeting”).
- 1.2 Chairman confirmed that a quorum was present and declared the Meeting opened.
- 1.3 Chairman introduced the Directors, who were present at the Meeting. He added that representatives from the professional firm was also in attendance, to answer questions on the audit matter.
- 1.4 Procedural Matter on Proxy Chairman advised that Proxy Forms submitted 72 hours before the Meeting had been checked and verified by the Scrutineer. He noted that a number of shareholders had appointed him as their proxy. As such, he would vote according to their specified instructions stated in the Proxy Form. He further added that as shareholder of the Company, he would be proposing all the resolutions.
- 1.5 Procedural Matter on Voting Shareholders were informed that voting on all resolutions would be put to vote by way of poll. Chairman introduced Complete Corporate Services Pte Ltd (“CCS”) and Moore Stephens LLP (“MS”) as the appointed polling agent and Scrutineer respectively. He explained that MS would scrutinise the polling process and verify the results of the poll on each resolution.
- 1.6 Questions in advance of AGM Chairman informed that the Company had published the responses to substantial and relevant questions received from shareholders as at the cut-off time for submission of questions in advance of the Meeting, on the Company’s website and on the SGXNet, on 17 November 2023.
- 1.7 Questions & Answers Procedures Chairman stated that during the course of the Meeting, he and the Directors would respond to questions relevant to the agenda items when the resolution was called upon. He also sought the understanding of shareholders that the Board would not be able to respond to commercially sensitive questions.

2.0 PRESENTATION BY CHAIRMAN/CEO

- 2.1 Chairman then gave a presentation covering the following: (a) challenges faced by the semiconductor industry in the previous two years which had impacted the Group's performance; (b) the pro-active steps the Group has taken in the subdued market environment, such as making strategic investments to expand testing capacity to support the automotive growth, innovating to support test and burn-in of power semiconductors, scaling down underperforming electronic manufacturing service operation and fortifying partnership with global customers to collaborate with them on their New Product Introduction devices; and (c) the Group's growth strategy moving into 2024, which would include the continuous expansion of testing capabilities and fostering new innovations focusing on electric vehicles and Artificial Intelligence.
- 2.2 He shared with shareholders (a) in the past 8 years or so, the Group has been focused on building its capabilities and technical resources to keep up with the technological changes and developments; and (b) the pace of the Group's business recovery is dependent on the growth of electric vehicles and Artificial Intelligence.
- 2.3 The presentation slides (attached as Appendix A to this minutes for records purpose) were published on the SGXNet and the Company's website, after the conclusion of the Meeting.

3.0 NOTICE OF MEETING

- 3.1 Chairman reported the Notice of AGM dated 27 October 2023 ("Notice") convening the Meeting had been announced on SGXNet, as well as published on the Company's website and in The Business Times. With the consent of the Meeting, the Notice was taken as read.
- 3.2 He informed a total of five ordinary resolutions would be tabled for approval at the Meeting.
- 3.3 At the request of the Chairman, Secretary briefed the shareholders, proxies and corporate representatives ("Shareholders") on the rules of conduct for the AGM covering posing of questions and voting rights.
- 3.4 The representative from CCS then explained the procedures for the electronic voting. A test resolution to familiarise Shareholders with the electronic voting system was successfully conducted.

ORDINARY BUSINESS

4.0 ORDINARY RESOLUTION 1 – ADOPTION OF DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2023 (“FY2023”) AND THE AUDITOR’S REPORT THEREON

- 4.1 Chairman informed the first item on the agenda was to receive and adopt the Directors’ Statement and audited financial statements for FY2023 together with the Auditor’s Report thereon.
- 4.2 Chairman invited questions from Shareholders. The Directors had an open dialogue with the Shareholders on their views, clarifications and comments on the Chairman’s presentation and the audited financial statements, a gist of which were summarised in Appendix B attached to this minutes.
- 4.3 Chairman put Ordinary Resolution 1 to the vote.
- 4.4 The results of the poll were as follows:

TOTAL NO. OF SHARES REPRESENTED BY VOTES FOR AND AGAINST	FOR		AGAINST	
	No. of shares	%	No. of shares	%
74,178,554	73,976,054	99.73%	202,500	0.27%

- 4.5 Based on the poll results, Chairman declared Ordinary Resolution 1 carried and it was RESOLVED:
- “THAT the Directors’ Statement and audited financial statements for the financial year ended 31 July 2023 together with the Auditor’s Report thereon be hereby received and adopted.”

5.0 ORDINARY RESOLUTION 2 – RE-ELECTION OF RETIRING DIRECTOR, MR SAMUEL LIM SYN SOO

- 5.1 Shareholders were informed that Mr Samuel Lim Syn Soo was due for rotational retirement under Article 87 of the Company’s Constitution and had signified his consent to continue in office.
- 5.2 Chairman added that upon re-election, he would continue to serve as a member of the Nominating Committee.
- 5.3 Chairman invited questions from Shareholders. There being no question, Chairman put Ordinary Resolution 2 to the vote.

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5.4 The results of the poll were as follows:

TOTAL NO. OF SHARES REPRESENTED BY VOTES FOR AND AGAINST	FOR		AGAINST	
	No. of shares	%	No. of shares	%
74,419,654	74,322,154	99.87%	97,500	0.13%

5.5 Based on the poll results, Chairman declared Ordinary Resolution 2 carried and it was RESOLVED:

“THAT Mr Samuel Lim Syn Soo be re-elected as a Director of the Company.”

6.0 **ORDINARY RESOLUTION 3 – RE-ELECTION OF RETIRING DIRECTOR, MR TIMOTHY BROOKS SMITH**

6.1 Shareholders were informed that Ordinary Resolution No. 3 was to re-elect Mr Timothy Brooks Smith, who was also due for rotational retirement under Article 87 of the Company’s Constitution.

6.2 Chairman said Mr Timothy Brooks Smith had signified his consent to continue in office. Shareholders noted that upon re-election, Mr Timothy Brooks Smith would continue to serve as Independent Non-Executive Director, Chairman of the Remuneration Committee, and a member of the Audit and Risk Committee and the Nominating Committee.

6.3 Chairman invited question from Shareholders. There being no question, he put Ordinary Resolution 3 to the vote.

6.4 The results of the poll were as follows:

TOTAL NO. OF SHARES REPRESENTED BY VOTES FOR AND AGAINST	FOR		AGAINST	
	No. of shares	%	No. of shares	%
74,349,154	73,059,954	98.27%	1,289,200	1.73%

6.5 Based on the poll results, Chairman declared Ordinary Resolution 3 carried and it was RESOLVED:

“THAT Mr Timothy Brooks Smith be re-elected as a Director of the Company.”

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7.0 RESOLUTION NO. 4 – APPROVAL OF DIRECTORS’ FEES OF S\$175,700 IN RESPECT OF FY2023

7.1 Chairman sought the approval of Shareholders for the proposed payment of S\$175,700 as directors’ fees in respect of FY2023.

7.2 Chairman invited questions from Shareholders. There being no question, he put Ordinary Resolution 4 to the vote.

7.3 The results of the poll were as follows:

TOTAL NO. OF SHARES REPRESENTED BY VOTES FOR AND AGAINST	FOR		AGAINST	
	No. of shares	%	No. of shares	%
74,347,154	74,124,054	99.70%	223,100	0.30%

7.4 Based on the poll results, Chairman declared Ordinary Resolution 4 carried and it was RESOLVED:

“THAT the payment of S\$175,700 as directors’ fees in respect of financial year ended 31 July 2023 be and is hereby approved.”

8.0 RESOLUTION NO. 5 – RE-APPOINTMENT OF MESSRS ERNST & YOUNG LLP AS AUDITOR

8.1 Shareholders were informed that the Audit and Risk Committee (“ARC”) had proposed the re-appointment of the retiring Independent Auditor, Messrs Ernst & Young LLP (“EY”). The ARC was satisfied that the nature and extent of non-audit services to be provided by EY would not prejudice their independence and objectivity.

8.2 Chairman added EY had also indicated their willingness to continue in office.

8.3 Chairman invited questions from Shareholders. There being no question, he put Ordinary Resolution 5 to the vote.

8.4 The results of the poll were as follows:

TOTAL NO. OF SHARES REPRESENTED BY VOTES FOR AND AGAINST	FOR		AGAINST	
	No. of shares	%	No. of shares	%
74,351,154	74,083,166	99.64%	267,988	0.36%

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8.5 Based on the poll results, Chairman declared Ordinary Resolution 5 carried and it was RESOLVED:

“THAT Messrs Ernst & Young LLP be re-appointed Auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company and that the Directors be authorised to fix their remuneration.”

9.0 **CLOSURE**

9.1 There being no other business to transact, the Chairman thanked everyone present for their attendance and declared the AGM closed at 11:21 a.m.

CONFIRMED AS A CORRECT RECORD BY:
SAMUEL LIM SYN SOO
CHAIRMAN

APPENDIX A

PRESENTATION SLIDES OF EXECUTIVE CHAIRMAN/CHIEF EXECUTIVE OFFICER








Welcome

Annual General Meeting
2023

Sam Lim
Executive Chairman &
CEO



Performance Mirrored Industry



WW Semicon Revenue	Factors Affecting Industry	Sunright's Performance
2021: 26.3%	<ul style="list-style-type: none"> ▪ COVID-19 	2021: Net Profit: S\$1.3M
2022: 0.2%	<ul style="list-style-type: none"> ▪ Component Shortages ▪ Weaker Economy ▪ US-China Trade Tension 	2022: Net Loss: S\$4 Million
2023: -10.9% (F)	<ul style="list-style-type: none"> ▪ Reduced Consumer & Computing Spendings ▪ Slow Recovery in China ▪ Higher Energy Prices 	2023: Net Loss: S\$3 Million
2024: 16.8% (F)	<ul style="list-style-type: none"> ▪ Consumer Market Remains ↓ Slow ▪ Automotive ↑ ▪ AI 	2024: ?

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FY23: Pro-active In Subdued Market Environment



- Made Strategic Investments In Challenging Times
“Expanding Test Capacity & Continuing Innovations”
- Scaled Down Underperforming Business Unit
“Electronic Manufacturing Services”
- Strengthened Partnership Progress With Broad Range of Customers
“Growing NPIs”

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FY24: Growth Opportunities As Uncertainties Remain



- Continue Our Focus On Power Management Market
- Rate of Business Recovery Will Depend on Growth of EV & AI

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Thank You

Stay Safe & Healthy

Sam Lim
Executive Chairman & CEO

APPENDIX B

SUMMARY OF KEY MATTERS DISCUSSED AT THE 45TH AGM HELD AT 10:00 A.M. ON FRIDAY, 24 NOVEMBER 2023 AT MEETING ROOM 326, LEVEL 3, SUNTEC SINGAPORE INTERNATIONAL CONVENTION & EXHIBITION CENTRE, 1 RAFFLES BOULEVARD, SUNTEC CITY, SINGAPORE 039593

Questions

1. As previously raised, the segment reporting format does not give clear visibility as to how did KESM group performed vis-à-vis the Singapore group? Profit & Loss account on page 75 showed a loss net of tax of S\$3.6 million for Sunright group whereas Note 12 on page 106 on segment reporting showed KESM group reported a loss of S\$946,000, is it the Singapore operations reported a loss of S\$2.5 million?
2. Total comprehensive loss disclosure showed non-controlling interests portion as S\$3.4 million, what is this?
3. How did the Singapore operations incurred the losses, the problems and correction actions?

Answers

The segment reporting on page 106 adhered to accounting standard requirement to report KESM group as de facto subsidiary.

Page 75 provided the breakdown on the share of losses between the “Owners of the Company” vis-à-vis the “Non-Controlling Interests” as S\$3.1 million and S\$488,000 respectively.

This relates to the share of losses of non-controlling interests, including the foreign currency translation loss arising from the translation of the balance sheet.

Our business in systems and service are very integrated. The Singapore operations had service business before and we were leader then. We decided to focus on equipment to ensure we keep pace with the rapid technological changes to avoid being trapped in old technology.

Unfortunately Singapore operations did not see very big volumes being outsourced. We were impacted by the industry wide challenges that happened in the past 2 years, such as the COVID-19 pandemic that came abruptly and very disruptive, never experienced before in the industry; and our performance was affected.

Fortunately the industry is now turning around and manufacturers are still investing in a big way.

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Questions

4. Singapore made a loss of S\$3.1 million, why so huge?

How many machines did you sell and what is the R&D cost?

5. Observed the disclosures in the Business Review and Chairman's Statement contents are shorter than previous years. Good to tell the shareholders what happened and your plans and also give some colour on the Singapore operations in future. Put in the Chairman's Statement or in the Business Review how KESM group is doing, by extracting from their annual report.

6. Have the Board guide the management to balance looking after the Company's interest and that of the shareholders? The Company is a value trap, with S\$44 million* in cash but not paying dividend. Even in years when it was profitable, the dividend payout is very low, at 0.3 cent.

*Note 16

7. With a cash holding of S\$44 million, why the interest earned is only S\$1.7 million?

Answers

Equipment business involved extended cycles where the equipment are geared towards future advancements. The process is long as it involved going through a long qualification process which include collaborating and working with customers to ensure the success in their upcoming products.

We will see what can be done.

With regard to dividend, we have not forgotten about our shareholders. In fact, dividend is one of the key topics raised by the Independent Directors in all our review meetings. We remain committed to share success with shareholders. When the company is profitable, we certainly intend to pay dividend.

The cash holding was required for the funding of time sensitive working capital needs and investment in capital equipment to fulfill the requirement of customers' orders.

Per Note 16, the weighted average effective interest rate on deposits of the Group was 3.5%, contracted over certain tenures and in different countries.

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Questions

Answers

8. Can the Independent Directors give their views?
- (Replies by Lead Independent Director)*
- Your observations and comments are well received and seriously noted.*
- The Company can only distribute dividends when it has distributable reserve, unfortunately there isn't sufficient.*
- With regards to the \$44 million cash, majority belongs to KESM.*
- Until and unless the Company received dividend payment from KESM, we are trapped in a situation where Sunright itself does not have sufficient reserve, although the Group as a whole has got \$44 million, to be able to declare dividend.*
9. Can the Company, being a major shareholder in KESMI, ask for more dividend payout?
- Whilst the Company as a substantial shareholder can give its view, it cannot enforce it upon KESM. This is because KESM, as a separate public listed company, is independently governed by another Board.*
10. You have spent close to \$40 million in capital expenditure. What is the expenditure for?
- Mostly on test equipment.*
11. On the cancelled SLT order, is it cancelled or deferred?
- The cancellation was for the new model which the customer is looking forward. Previous year's order had already been paid and delivered.*
12. Why is there an increase in your borrowings, given you have strong cash holding and interest rates are not cheap? Wouldn't it be prudent to use your cash?
- The borrowings are mainly associated with the capital expenditure on test equipment. There were new purchases and replacement equipment as well, which explained for the higher borrowings. These capital equipment was funded by combination of internal and external borrowings.*
13. What would be our capital expenditure for FY2024?
- Typically, the expenditure could range between from a low of S\$2-3 million a year to a high of \$30-50 million a year. We don't jump into every prospect that comes by. We will want to ensure the Group performs well and has good liquidity before committing on new investments.*
14. You mentioned your customers have appetite for bigger machines and larger volumes. Will this translate into a larger capital expenditure for us as well as the business risk?
- We will get the commitment from customers on the orders and to pay for the capital expenditure before we make the investment.*

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Questions

Answers

- | | |
|--|---|
| 15. Despite revenue dropping, other expenses are still at a very high level, from \$25 million to \$26 million this year. What are some of these fixed costs which you have not be able to bring down. | <i>The major ones are repair and maintenance and utilities costs. Costs had increased because of the inflationary environment and we do negotiate with customers to bear some of these costs increases.</i> |
| 16. Can you improve your forecasting capability by having good backup plan and also sell off unprofitable assets? | <i>We do have.</i> |
| 17. The revenue of S\$88 million, is there an allocation on the ratio between equipment and services? Is it a ratio of 80:20 or something? | <i>It fluctuates all the time.</i> |
| 18. For electric vehicle, you talked about Silicon Carbide and GaN, is there a ratio on the test services on these particular chips? | <i>Silicon Carbide and GaN are still very new in the market and hence rather small right now.</i> |
| 19. About Artificial Intelligence, are we talking about chips on wafer, or substrate testing? | <i>Testing package, is the main core activity surrounding Artificial Intelligence.</i> |
| 20. Artificial Intelligence testing is also very small drop? | <i>It will be tremendous because they are processors. We do different processors, which are in a big family; for both services and subsystem.</i> |
| 21. The \$44 million capital expenditure that we use is solely for these two items? | <i>Largely for the automotive market.</i> |
| 22. We are also into ACQ testing? | <i>Is always there.</i> |