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Company Registration No.: 200100340R

UMS Signs MOU with Malaysian Aerospace Metallic Component Manufacturer

Highlights

- **Under the terms of the MOU, UMS will invest RM0.1 million into All Star Fortress Sdn. Bhd. (“ASF”) via new shares subscription for 10% equity of ASF’s enlarged shareholdings**
- **UMS will also extend to ASF secured convertible loans up to a total of USD7.5 million, which includes USD6.7 million for ASF to strengthen its capability and expand its manufacturing capacity to meet the long term needs of aerospace customers**
- **ASF to relocate its manufacturing operations to UMS’ Penang premises, allowing the Group to better utilized its facility space**
- **Aerospace industry has significant growth potential as increasing air traffic continues to drive up demand for new airplanes, and large order backlogs by major aircraft makers have also resulted in pent-up demand among components suppliers**

SINGAPORE, 10 December 2015 – SGX Mainboard-listed UMS Holdings Limited (“UMS” or “the Group”), a strategic integration partner in manufacturing and engineering for front-end semiconductor equipment manufacturers, announced today it has signed a Memorandum of Understanding (“MOU”) with an aerospace metallic component manufacturing company, All Star Fortress Sdn. Bhd. (“ASF”), in connection with UMS’ intended investment into ASF as well as both parties’ collaboration to develop ASF’s aerospace metallic parts manufacturing business.

Rationale for Investment

UMS believes that this MOU will mark an important milestone in the Group's strategy of diversification and allow the Group to achieve an alternative revenue contribution from the aerospace industry. This new venture will also enable the Group to better manage its machinery, equipment as well as its factory space.

In addition, there are significant growth potential in the aerospace industry. According to a report by Airbus, air traffic will grow at 4.6 per cent annually¹ in the next 20 years, requiring some 32,600 new passenger and dedicated freighter aircraft at a value of US\$4.90 trillion. The large orders backlog faced by major aircraft makers have also resulted in stronger demand in the aerospace manufacturing supply chain.

With the increasing trend of international aerospace players outsourcing more work as well as the Malaysian Government's efforts to further develop the local aerospace manufacturing industry, the Group believes that this new venture is in a good position to capture these strong growth potentials.

About All Star Fortress Sdn. Bhd.

ASF is an aerospace metallic component manufacturing company based in Malaysia. It was incorporated to support the local aerospace supply chain as many of the international aerospace players such as Airbus, General Electric, Honeywell, Spirit Aerosystems, SAFRAN Messier-Bugati, SR Technics, Singapore Aerospace Manufacturing, THALES, Hamilton Sundstrand and many others have manufacturing presences in Malaysia. It is also one of the 20 local companies approved under the Malaysian Government's Economic Transformation Plan (ETP) to develop the local Aerospace manufacturing industry through grants, offset program and other incentives.

The company's achievements include AS9100C certification, followed by first 'flying part' program, Hawk MK165 Pylon and Boeing B767 Column originated from BAE System and Spirit US through SME Aerospace. With the certification, ASF is able to approach various customers through their network and connection, and establish themselves in the industry.

The Proposed Transaction:

Under the terms of the MOU, UMS is to perform the following:

- (i) preliminary cash injection of RM0.13 million via new shares subscription for a 10% equity share of ASF
- (ii) extend secured convertible loans in total of USD7.5 million to ASF. The breakdown of usage of loans is as follows:
 - a. USD0.85 million for ASF's working capital needs
 - b. USD6.65 million for ASF to expand its manufacturing capacities
- (iii) to provide its Penang premises for ASF's manufacturing operations via a tenancy agreement upon terms and conditions to be mutually agreed

The above transaction is not expected to have any material impact on the Group's net tangible assets and earnings per share for the financial year ending 31 December 2015.

Commenting on the Group's latest business development, Mr. Andy Luong, Chief Executive Officer, UMS Holdings Limited said **"We are very excited to have this opportunity to invest in ASF. With ASF's good business network in the global aerospace industry and our Group's manufacturing execution expertise, we strongly believe that we will be able to capture significant orders from world-leading aerospace players. This development will also further allow the Group to achieve diversification and grow beyond its semiconductor segment."**

#End of Release#

¹ Report titled "Flying by Numbers 2015 2034" by Airbus

Note: This press release is to be read in conjunction with the related mandatory announcement filed by UMS on SGX net.

ISSUED ON BEHALF OF **UMS HOLDINGS LIMITED**
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About UMS Holdings Limited

Incorporated in Singapore on January 17, 2001, UMS Holdings Limited is a one-stop strategic integration partner providing equipment manufacturing and engineering services to Original Equipment Manufacturers of semiconductors and related products. The Group is in the business of front-end semi-conductor equipment contract manufacturing and is also involved in complex electromechanical assembly and final testing devices. The products we offer include modular and integration system for original semiconductor equipment manufacturing. Other industries that we also support include the electronic, machine tools and oil and gas.

Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia as well as Texas and California, USA.