

UMS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200100340R)

INTERESTED PERSON TRANSACTIONS INVOLVING SUBSIDIARIES OF UMS HOLDINGS LIMITED

1. Introduction

The Board of Directors of UMS Holdings Limited (the “Company”) wishes to announce that the Company’s wholly-owned subsidiaries, UMS Pte Ltd, UMS Aerospace Pte Ltd and Ultimate Manufacturing Solutions (M) Sdn. Bhd. have entered into transactions of a revenue or trading nature with Integrated Manufacturing Technology Pte Ltd (“IMT-S”) and Integrated Manufacturing Technology, Inc (“IMT-USA”) during the financial year ending 31 December 2011 (the “Transactions”). As at the date of this Announcement, the aggregate value of the Transactions during the financial year ending 31 December 2011 amounts to 3% or more of the latest audited net tangible assets of the Company and its subsidiaries (the “Group”).

The Group’s integrated systems business has increased substantially from prior years as a result of strategic growth beyond components. This increase is reflected by the announcement dated 10 May 2011 in relation to the Group’s results for the first quarter ended 31 March 2011. The components used in the integrated systems business require vacuum welding and tube bending services that the Group is not qualified to perform according to its major customer’s certification processes. Because IMT-S and IMT-USA are qualified to provide such services, the size of transactions with IMT-S and IMT-USA has increased in proportion to the Group’s integrated systems business.

As at the date of this Announcement, Mr Andy Luong, a major shareholder, Director and Chief Executive Officer of the Company, is also the sole owner and sole director of IMT-S and the majority owner and sole director of IMT-USA. Lee Luong Sylvia SY is an Executive Director of the Company and the spouse of Andy Luong. She is a director of Quest World Investment Limited, which owns approximately 30% of IMT-USA. As Andy Luong and Lee Luong Sylvia SY are deemed interested persons of the Company (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”)), any transaction entered into by the Group with IMT-S and IMT-USA is deemed to be an interested persons transaction.

2. Nature of the Interested Person Transactions

The Transactions are entered into by the Group with IMT-S and IMT-USA (together with Andy Luong and Lee Luong Sylvia SY, the “Interested Persons”). They include:

- a. provision of vacuum welding and tube bending services by the Interested Persons to the Group;
- b. sub-contracting of production staff from the Group to the Interested Persons for an arrangement fee;
- c. rental of premises of the Company to IMT-S in exchange for payment of rent and utilities;
- d. provision of semi-conductor equipment components by the Group to the Interested Persons; and
- e. purchases of components, assemblies, consumables and spares by the Group from IMT-USA.

The Transactions entered into are in the ordinary course of business and on normal commercial terms at arm's length basis.

3. Rationale

a. Provision of vacuum welding and tube bending services by the Interested Persons

The Group is in the business of front end semi-conductor equipment contract manufacturing, complex electromechanical assembly and final testing services. The Group does not carry out specialized vacuum welding and tube bending services. The components that go through vacuum welding and tube bending services performed by IMT-S and IMT-USA are important components of sub-assembly and integrated system products manufactured by the Group. Therefore, vacuum welding and tube bending services are necessary to the Group's business. Notwithstanding this, the Group is not qualified according to its major customer's certification processes to perform vacuum welding and tube bending services for the major customer.

In the normal course of its business, the Group will enter into sub-contracts with specialist contractors for vacuum welding and tube bending services.

The reasons for engaging IMT-S and IMT-USA include but are not limited to:

- (i) IMT-S and IMT-USA are on a short list of companies considered qualified to perform vacuum welding and tube bending services by the major customer of the Group;
- (ii) IMT-S and IMT-USA currently provide more competitive terms than other vendors; and

(iii) it is logistically easier and operationally efficient to purchase products from IMT-S because it has been located in the same premises in Singapore as the Group since the incorporation of IMT-S.

b. Provision of semi-conductor equipment components by the Group

In addition, the Group sells semi-conductor equipment components to IMT-S and IMT-USA. IMT-S and IMT-USA in turn integrate the components into their end products and sell these end products to the major customer of the Group. The Group cannot directly supply the final manufactured gaslines and weldments directly to the major customer because the Group is not an approved supplier. In turn, IMT-S and IMT-USA, who are approved suppliers, do not have the Group's machining capabilities. Instead, the Group machines the components, while IMT-S and IMT-USA conduct the final vacuum welding. Thereby, the Group is able to provide manufacturing services to a customer to whom it cannot supply final manufactured gaslines and weldments directly.

c. Renting premises of the Company to IMT-S

The Group also lets out a part of its premises to IMT-S so that the close proximity of IMT-S's facilities will shorten the total manufacturing time.

d. Subcontracting of production staff

The Group sub-contracts production staff to IMT-S for an arrangement fee. Such provision of human resource services to IMT-S generates revenue for the Group and ensures that IMT-S has a steady pool of labour, which increases the reliability of supply to the Group.

e. Purchases of components, assemblies, consumables and spares by the Group from IMT-USA

The Group makes use of IMT-USA's US operations to secure more favorable trading terms from other US vendors, which would not be available to the Group's Singapore companies.

4. Total Value of Interested Person Transactions

As at 30 April 2011, the aggregate value of all transactions with the Interested Persons for the financial year ending 31 December 2011 is S\$4,029,000, which is equal to 3.4% of the Group's net tangible assets.¹ The total aggregate value of all interested person transactions for the financial year ending 31 December 2011 is S\$4,037,000, which is equal to 3.4% of the Group's net tangible assets.²

¹ The above computation is based on the Group's latest audited net tangible assets of S\$118,229,000 as at 31 December 2010.

² The total aggregate value of all interested person transactions includes transactions with Straits Law

5. Financial Effects

The Transaction is not expected to have any material impact on the Group's net tangible assets per share and earnings per share for the financial year ending 31 December 2011.

6. Statement from the Audit Committee

The Audit Committee of the Company, having reviewed the terms and value of the aforementioned Transactions, is of the view that the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

7. Interests of Directors and Controlling Shareholders

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has an interest, direct or indirect, in the Transactions other than interests arising by virtue of their shareholdings in the Company.

BY ORDER OF THE BOARD

Shirley Lim
Company Secretary
10 May 2011

Practice LLC involving the provision of legal services. Such transactions are not required to be announced pursuant to the Listing Manual of the SGX-ST.