

UMS HOLDINGS LIMITED

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

PROPOSED SALE OF THE PROPERTY LOCATED AT 27 CHANGI NORTH CRESCENT SINGAPORE 499618

1. Introduction

The Board of Directors of UMS Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly owned subsidiary, UMS Pte Ltd (the “**Vendor**”), had on 21 January 2011 granted an option to purchase (the “**Option**”) to YFE-Clark Express Pte Ltd (the “**Purchaser**”) in relation to the sale of the leasehold property located at 27 Changi North Crescent Singapore 499618 (the “**Property**”) at a cash consideration of S\$6,980,000 (the “**Sale Price**”) (the “**Sale**”).

2. Information on the Property

The Property is a leasehold property and its lease was granted by JTC Corporation (“**JTC**”) to the Company for a term of 30 years commencing from 16 April 2004.

The Property comprise of an estimated land area of 7,610.6 square metres.

The Property is a JTC standard-built E8 detached factory with adjoining single-storey and 2-storey extensions.

The Property is currently being used by the Group for its manufacturing activities and as a warehouse. The Vendor is currently in negotiation with the Purchaser to lease-back certain areas of the Property which will be used by the Group as part of its on-going manufacturing activities (the “**Lease-Back Arrangement**”). The Company intends to re-locate the majority part of the Group’s manufacturing activities to its factory at Penang, Malaysia, so as to reduce its operating costs.

3. The Sale Price

The Sale Price for the Property is S\$6,980,000 (exclusive of Goods and Services Tax) which was arrived at based on arm’s length negotiations between the parties after taking into account the prevailing market conditions and the fair market value of the Property.

According to a desktop valuation dated 31 August 2010 (the “**Valuation Report**”) issued by Asian Appraisal Company Pte Ltd (the “**Valuer**”), which was commissioned by the Company, the fair market value of the Property as at 27 August 2010 was S\$7,000,000.

The Sale Price shall be satisfied by the Purchaser in cash in the following manner:

- (a) an initial amount of S\$69,800 (being 1% of the Sale Price) has been paid by the Purchaser to the Vendor in consideration of the Option (the "**Option Fee**");
- (b) upon the exercise of the Option by the Purchaser, the Purchaser shall pay to the Vendor an amount of S\$279,200 (being 5% of the Sale Price after taking into account the Option Fee paid by the Purchaser to the Vendor); and
- (c) the balance Sale Price of S\$6,631,000 (being 95% of the Sale Price) shall be paid by the Purchaser to the Vendor on the date of completion of the Sale.

The Option Fee shall be forfeited by the Vendor in the event that the Option is not exercised by the Purchaser on or before the expiry date of the Option.

4. Terms and Conditions of the Sale

The Option will expire at 4.00 p.m. on 28 January 2011. If the Option is not exercised by the Purchaser by the said time and date, the Option will become null and void and the Option Fee shall be forfeited by the Vendor.

Completion of the Sale shall take place on the latest of the following dates:-

- (a) the date falling eight (8) weeks from the date of receipt of JTC's written consent for the sale of the Property and the assignment of the same to the Purchaser; or
- (b) where the Environmental Baseline Study ("**EBS**") shows the presence of contaminants at the Property and decontamination works are required by JTC to be carried out by the Vendor, the date falling six (6) weeks from the date when JTC confirms that the decontamination works carried out by the Vendor are satisfactory to JTC or the relevant authorities; or
- (c) where the EBS shows the presence of contaminants at the Property but no decontamination works are required to be carried out by the Vendor, the date falling six (6) weeks from the date when notification in writing is received from JTC or the relevant authorities confirming that no decontamination works are required to be carried out by the Vendor; or
- (d) where the Vendor is required by JTC to regularise unauthorised works, the date falling six (6) weeks from the date when JTC confirms that the unauthorised works have been rectified by the Vendor; or

- (e) four (4) weeks from the date the Vendor obtains the necessary building approvals for the building(s) on the Property from the National Environment Agency and the Building & Construction Authority of Singapore and furnishes evidence of the same to the Purchaser or its solicitors; or
- (f) such other date as the parties may mutually agree.

The Property will be sold with vacant possession to be given to the Purchaser on the date of completion of the Sale.

5. Rationale for the Sale

The Sale is in line with the Group's plan to realise its non-income generating assets after shifting its operations out of Singapore to lower costs manufacturing region.

6. Use of Proceeds from the Sale

The Company intends to use the net proceeds from the Sale as its working capital.

Pending the deployment of the net proceeds for such purposes, the net proceeds may be placed in deposits with financial institutions or invested in short term money market instruments as the directors of the Company may, in their absolute discretion, deem fit.

7. Financial Effects of the Sale

The book value of the Property as at 31 December 2010 was approximately S\$4.4 million. Accordingly, the excess of the Sale Price over the book value of the Property will be approximately S\$2.6 million.

Based on the book value of the Property and the relevant costs to the Sale, the Sale will result in a net gain of approximately S\$2.5 million.

The financial effects of the Sale on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after completion of the Sale.

Financial impact on the net tangible assets ("NTA")

Based on the unaudited consolidated results of the Group for its financial year ended 31 December 2010 ("FY2010") and assuming that the Sale has taken place on 31 December 2010, the Sale would have the following impact on the NTA of the Group:

	Before the Sale	After the Sale
NTA (S\$'000)	118,229	120,709
Weighted average number of shares ('000)	348,619	348,619
NTA per share (cents)	33.91	34.62

Financial impact on the earnings per share ("EPS")

Based on the unaudited consolidated results of the Group for FY2010 and assuming that the Sale had been completed on 1 January 2010, the Sale would have the following impact on the Group's EPS:

	Before the Sale	After the Sale
Group's profit after tax (S\$'000)	28,745	31,225
Weighted average number of shares ('000)	348,619	348,619
Earnings per share (cents)	8.25	8.96

8. Relative figures under Chapter 10 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited in relation to the Sale are as follows:-

Net asset value of assets to be disposed of, compared with the Group's net asset value as at 31 December 2010	2.47%
Net profits attributable to the assets disposed of, compared with the Group's net profits for its financial year ended 31 December 2010	8.63%
Aggregate value of consideration received, compared with the Company's market capitalisation *	3.47%
Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not Applicable

As none of the relative figure under Rule 1006 exceeds 20%, the Sale is a discloseable transaction for the purposes of Chapter 10 of the Listing Manual.

Note:

* The Company's market capitalisation was determined by multiplying the number of issued shares, being 343,754,327 shares, by the weighted average price of such shares transacted on 20 January 2011 (being the market day immediately preceding the date of the Option) of S\$0.5847 per share.

9. Director's and controlling shareholder's interest

Mr N. Sreenivasan, who is an independent director of the Company, is a shareholder and the managing director of Messrs Straits Law Practice LLC ("SLP"), the solicitors of the Company who are advising the Company on the Sale. SLP will be receiving legal fees in connection with their role as solicitors to the Company. The legal fee payable to SLP is not dependent on the outcome of the Sale.

Save as disclosed above, none of the directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Sale.

10. Document available for inspection

A copy each of the Option and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at 23 Changi North Crescent Singapore 498616 for a period of three months from the date of this announcement. In the event that the Sale is completed before the said period of time and there is a change in the registered office of the Company, a copy each of the Option and the Valuation Report will be made available for inspection during normal business hours at the new registered office of the Company to be announced by the Company in due course.

11. Update

The Company will keep shareholders apprised of any material developments in respect of the Sale and the Lease-Back Arrangement, where appropriate.

**BY ORDER OF THE BOARD
UMS HOLDINGS LIMITED**

**Luong Andy
Chief Executive Officer
25 January 2011**