

**APPENDIX DATED 6 APRIL 2016**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**This Appendix is issued by UMS Holdings Limited (“Company”). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

This Appendix is circulated to shareholders of the Company, together with the Company’s annual report for its financial year ended 31 December 2015 (“**Annual Report**”). Its purpose is to provide information to shareholders for the proposed renewal of the share purchase mandate to be tabled at the Annual General Meeting of the Company to be held on 28 April 2016 at The Boardroom Basement 1, The Fullerton Hotel, 1 Fullerton Square Singapore 049178 at 10.00 a.m.

This Appendix forms part of the Annual Report and must be read in conjunction with the Annual Report. The Notice of 2016 AGM (as defined herein) and Proxy Form are enclosed with the Annual Report.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix and the Annual Report with the Notice of 2016 AGM and the accompanying Proxy Form to the purchaser, transferee or to the stockbroker, the bank or the agent through whom you effected the sale or transfer for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



**UMS HOLDINGS LIMITED**

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

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING  
DATED 6 APRIL 2016 IN RELATION TO  
THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

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## DEFINITIONS

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In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:-

“2015 EGM”	:	The extraordinary general meeting of the Company held on 30 April 2015
“2016 AGM”	:	The AGM of the Company to be held on 28 April 2016 at 10.00 a.m. at The Boardroom Basement 1, The Fullerton Hotel, 1 Fullerton Square Singapore 049178
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	An annual general meeting of the Company
“Annual Report”	:	The annual report of the Company for its financial year ended 31 December 2015
“Appendix”	:	This letter to Shareholders dated 6 April 2016 in relation to the proposed renewal of the Share Purchase Mandate
“Board”	:	The Board of Directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	UMS Holdings Limited
“Directors”	:	The directors of the Company
“EPS”	:	Earnings per Share
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Appendix, being 23 March 2016
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Notice of 2016 AGM”	:	The notice of the 2016 AGM to the Shareholders of the Company dated 6 April 2016
“NTA”	:	Net tangible assets
“Relevant Period”	:	The period commencing from the date of the AGM and thereafter, expiring on the date on which the next annual general meeting is held or required by law to be held, whichever is the earlier, after the date the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate is passed
“Securities Account”	:	The securities accounts maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent

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## DEFINITIONS

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“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase”	:	The purchase of issued Shares by the Company pursuant to the terms of the Share Purchase Mandate
“Share Purchase Mandate”	:	The mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire issued Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Share Purchase Mandate Circular”	:	The Company’s circular to Shareholders dated 7 April 2015, in relation to the adoption of the Share Purchase Mandate
“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are maintained with the CDP credited with the Shares
“Shares”	:	The ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“subsidiary” or “subsidiaries”	:	Has the meaning ascribed to it in Section 5 of the Companies Act
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting shares in the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued and amended
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The words “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81 of the Securities and Futures Act. The term “**treasury shares**” shall have the meaning ascribed to it in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to any statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any statutory modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day and to dates in this Appendix shall be a reference to Singapore time and dates unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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### UMS HOLDINGS LIMITED

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

#### Directors:

Soh Gim Teik (*Chairman / Independent Director*)  
Luong Andy (*Chief Executive Officer / Executive Director*)  
Loh Meng Chong, Stanley (*Group Financial Controller / Executive Director*)  
Oh Kean Shen (*Independent Director*)  
Chay Yiowmin (*Independent Director*)

#### Registered Office:-

23 Changi North Crescent  
Changi North Industrial Estate  
Singapore 499616

**6 April 2016**

To : The Shareholders of UMS Holdings Limited

Dear Sir/Madam

### THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 1. INTRODUCTION

The Directors are seeking Shareholders' approval for the proposed renewal of the Share Purchase Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to the proposal for the proposed renewal of the Share Purchase Mandate to be tabled at the 2016 AGM and to seek Shareholders' approval in relation thereto at the 2016 AGM.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix. If any Shareholder is in doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

#### 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

##### 2.1 Background

The Share Purchase Mandate was originally approved by Shareholders at an extraordinary general meeting of the Company held on 30 April 2015 ("**2015 EGM**"). The rationale for, the authority and limitations on, the renewal of the Share Purchase Mandate were set out in the Share Purchase Mandate Circular.

The Share Purchase Mandate approved at the 2015 EGM will expire on 28 April 2016 (the "**2016 AGM**"), being the date of the forthcoming AGM. Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the forthcoming 2016 AGM, to take effect until the conclusion of the next following AGM of the Company.

Shareholders' approval is being sought at the AGM to be held for the renewal of the general and unconditional Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the Share Purchase Mandate will take effect from the date of the AGM at which the renewal of the Share Purchase Mandate is approved by the Shareholders and continue in force until the date of the next AGM of the Company or such date as the next AGM is required by law to be held, whichever is the earlier, unless prior thereto, Share Purchases are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in general meeting.

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## LETTER TO SHAREHOLDERS

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Any purchase of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution of the Company, the rules of the Listing Manual, and such other laws and regulations as may for the time being be applicable.

### 2.2 Rationale for the Share Purchase Mandate

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. Share Purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share Purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the EPS of the Group.

The Directors further believe that Share Purchases by the Company will help to mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

Shares purchased by the Company can also be held as treasury shares which the Company can choose to re-issue to employees pursuant to an employees' share scheme in order to reward, retain and motivate them.

If and when circumstances permit, the Directors will decide whether to effect Market Purchases or Off-Market Purchases (as defined in paragraph 2.3.3 below), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out Share Purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

### 2.3 Authority and Limits on the Share Purchase Mandate

The authority and limits of the Share Purchase Mandate, if renewed at the AGM, are the same as were first approved by Shareholders at the 2015 EGM. The authority and limitations placed on Share Purchases by the Company under the Share Purchase Mandate are summarised below:-

#### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company (ascertained as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares of the Company as altered). For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

**For illustrative purposes only**, on the basis of 429,143,947 issued Shares as at the Latest Practicable Date and assuming that no further Shares are issued by the Company on or prior to the AGM, not more than 42,914,394 Shares (representing 10% of the total number of issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

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## LETTER TO SHAREHOLDERS

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### 2.3.2 Duration of Authority

Under the Share Purchase Mandate, the Company may purchase or acquire its issued Shares at any time and from time to time on and from the date of AGM at which the renewal of the Share Purchase Mandate is approved by the Shareholders, up to:-

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting; or
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

### 2.3.3 Manner of Share Purchases

Purchases of Shares may be made by way of, *inter alia*:-

- (i) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as may be determined or formulated by the Directors as they may consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:-

- (i) offers for the purchase or acquisition of shares shall be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded, where applicable:-
  - (A) differences in consideration attributable to the fact that the offers may relate to shares with different accrued dividend entitlements;
  - (B) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and
  - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase, the Company must issue an offer document containing, *inter alia*, the following information to all its Shareholders:-

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchases;

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## LETTER TO SHAREHOLDERS

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- (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Purchases, if made, could affect the listing of the Shares on the SGX-ST;
- (vi) details of any Share Purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company would be cancelled or kept as treasury shares.

### 2.3.4 Maximum Price to be paid for the Shares

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share in the event of any Share Purchase will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to any Share Purchase must not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105% of the Average Closing Price,

(the “**Maximum Price**”) in either case, excluding related expenses of the Share Purchase.

For the purposes of determining the Maximum Price:-

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 2.4 Source of funds

The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company may purchase or acquire its Shares out of its profits or out of its capital, so long as the Company is solvent. It is an offence for a Director or an officer of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if at the date of the payment referred to in Section 76f(1) of the Companies Act:-

- (a) there is no ground on which the company could be found to be unable to pay its debts;



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- (b) if –
  - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

The Company may use internal sources of funds (comprising cash and fixed deposits) or bank borrowings to finance purchases or acquisitions of its Shares. The Directors will only make Share Purchases pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### 2.5 Status of Purchased Shares

Shares purchased or acquired by the Company shall, unless held as treasury shares in accordance with the Companies Act, be deemed to be cancelled immediately on purchase or acquisition by the Company.

#### 2.5.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share shall expire on cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) and cancelled will be automatically delisted by the SGX-ST.

#### 2.5.2 Treasury Shares held by the Company

Where the Company holds the Shares purchased or acquired pursuant to the Share Purchase Mandate as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below:-

- (i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

In the event that the Company holds more than 10% of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out in sub-paragraph (iii) below within 6 months beginning with the day on which that contravention occurs, or such further period as the Registrar may allow.

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## LETTER TO SHAREHOLDERS

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(ii) Voting and Other Rights

The Company cannot exercise any rights in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of treasury shares. However, the allotment of fully paid bonus shares in respect of treasury shares is allowed. The treasury shares may be subdivided or consolidated, so long as the total value of the treasury shares after such subdivision or consolidation is the same as the total value of the treasury shares before the subdivision or consolidation, as the case may be.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:-

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purpose of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

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## LETTER TO SHAREHOLDERS

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### 2.6 Financial Effects of Share Purchases

It is not possible for the Company to realistically calculate or quantify the impact of Share Purchases that may be made pursuant to the Share Purchase Mandate on the NTA and EPS as the resultant effect would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The financial effects of Share Purchases under the Share Purchase Mandate on the Group and the Company, based on the audited financial statements of the Group for its financial year ended 31 December 2015 are based on the assumptions set out below.

#### 2.6.1 *Purchase or acquisition out of profits or capital*

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

#### 2.6.2 *Number of Shares acquired or purchased*

Based on 429,143,947 issued Shares as at the Latest Practicable Date and assuming no further Shares are issued by the Company on or prior to the AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 42,914,394 Shares.

#### 2.6.3 *Maximum Price paid for Shares acquired or purchased*

In both cases of Market Purchases and Off-Market Purchases by the Company and assuming that the Company purchases or acquires 42,914,394 Shares at the Maximum Price of S\$0.5849 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 42,914,394 Shares (excluding brokerage, commission, applicable goods and services tax and other related expenses) is approximately S\$25,100,629.

## LETTER TO SHAREHOLDERS

### 2.6.4 Illustrative financial effects

**For illustrative purposes only** and on the basis of the assumptions set out in paragraphs 2.6.2 and 2.6.3 above, and assuming that (i) Share Purchases are funded wholly by internal resources within the Group, (ii) the Company had purchased 42,914,394 Shares by way of Share Purchases made entirely out of capital, the financial effects of the purchase or acquisition of 42,914,394 Shares by the Company pursuant to the Share Purchase Mandate whereby all such Shares are either cancelled or held as treasury shares on the audited financial statements of the Company and the Group for the financial year ended 31 December 2015 would have been as follows:-

	COMPANY			GROUP		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	
Share capital	136,623	111,522	136,623	136,623	111,522	136,623
Reserves	–	–	–	(9,146)	(9,146)	(9,146)
Retained earnings	52,239	52,239	52,239	66,988	66,988	66,988
Treasury Shares	–	–	(25,101)	–	–	(25,101)
<b>Shareholders' Funds<sup>(1)</sup></b>	<b>188,862</b>	<b>163,761</b>	<b>163,761</b>	<b>194,465</b>	<b>169,364</b>	<b>169,364</b>
NTA <sup>(2)</sup>	188,862	163,761	163,761	112,782	87,681	87,681
Current Assets	4,449	4,449	4,449	88,714	63,613	63,613
Current Liabilities	8,002	33,103	33,103	11,735	11,735	11,735
Total Borrowings <sup>(3)</sup>	–	25,101	25,101	–	–	–
Cash and cash equivalent	223	223	223	38,933	13,832	13,832
<b>Net Profit</b>	<b>25,142</b>	<b>25,142</b>	<b>25,142</b>	<b>34,299</b>	<b>34,299</b>	<b>34,299</b>
Number of Shares ('000) (excluding treasury shares)	429,144	386,230	386,230	429,144	386,230	386,230
<b>Financial Ratios</b>						
NTA per Share (cents)	44.01	42.40	42.40	26.28	22.70	22.70
EPS <sup>(4)</sup> (cents)	5.86	6.51	6.51	7.99	8.88	8.88
Gearing <sup>(5)</sup> (%)	–	15.33	15.33	–	–	–
Current Ratio <sup>(6)</sup> (times)	0.56	0.13	0.13	7.56	5.42	5.42

Notes:-

- (1) The expression "Shareholders' Funds" means the amounts expressed in S\$ represented by the aggregate of the paid-up share capital, revenue and exchange fluctuation reserves but excludes minority interest.
- (2) The expression "NTA" means the Shareholders' Funds less intangible assets.
- (3) The expression "Total Borrowings" means the aggregate amount of liabilities arising from bank overdrafts, loans and finance leases.
- (4) The expression "EPS" means the net profit divided by the weighted average number of Shares. For this illustration, it was assumed that the purchase or acquisition of the Shares was made on 31 December 2015.
- (5) The expression "Gearing" means the ratio of the Total Borrowings to the Shareholders' Funds.
- (6) The expression "Current Ratio" means the current assets divided by current liabilities.

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## LETTER TO SHAREHOLDERS

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Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the above analysis is based on the latest audited accounts of the Company and the Group as at 31 December 2015 and is not necessarily representative of the future financial performance of the Group. Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of its issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of its issued Shares.

The actual impact of Share Purchases will depend on the number and price of the Shares purchased. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company or on the financial position of the Company and/or the Group.

The purchase of Shares will only be effected after assessing the relative impact of a Share Purchase taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

### 2.7 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

### 2.8 Reporting Requirements

Within 30 days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with ACRA.

Within thirty (30) days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the Share Purchase in the prescribed form, such notification including, *inter alia*, date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase and whether the Shares were purchased out of the profits or the capital of the Company.

The Listing Manual states that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:-

- (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

Such announcement (which must be in the form prescribed by the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

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## LETTER TO SHAREHOLDERS

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### 2.9 Listing Manual

The Listing Manual specifies that a listed company may purchase shares by way of market purchase at a price per share which is not more than five per cent. (5%) above the average closing market price, being the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 2.3.4 of this Appendix, conforms to this restriction. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase in the same manner as it determines the Maximum Price for a Market Purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, as the Company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:-

- (i) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced; and
- (ii) in the case of Market Purchases, during the two weeks immediately preceding, and up to the time of the announcement of, the Company’s results for each of the first three quarters of its financial year and during the one month preceding, and up to the time of announcement of, the Company’s results for the full financial year. This is in line with the Company’s internal guide on securities dealings.

### 2.10 Listing Status on the SGX-ST

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its issued Shares are in the hands of the public. The term “public”, as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the issuer or its subsidiary companies and the associates of such persons.

As at the Latest Practicable Date, 343,034,947 Shares representing approximately 79.93% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. Assuming that the Company purchases its Shares up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 300,120,553 Shares, representing approximately 77.71% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public would not fall to such a level as to cause market illiquidity.

The Directors will use their best efforts to ensure that the Company does not effect a Share Purchase which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trade of the Shares or the listing status of the Shares on the SGX-ST.

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### 2.11 Take-over Code implications from Share Purchases

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 2.11.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

#### 2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:-

- (i) the following companies:-
  - (a) a company;
  - (b) the parent company of (a);
  - (c) the subsidiaries of (a);
  - (d) the fellow subsidiaries of (a);
  - (e) the associated companies of any of (a), (b), (c) or (d);
  - (f) companies whose associated companies include any of (a), (b), (c), (d) or (e); and
  - (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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### 2.11.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

**SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SIC AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.**

### 2.12 Shares bought by the Company in the previous twelve (12) months

The Company has not made any purchases or acquisitions of its issued Shares in the twelve (12) months preceding the Latest Practicable Date.

### 3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act, were as follows:-

	Before Share Purchases				After Share Purchases
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest <sup>(1)</sup>		Total Interest <sup>(2)</sup> %
			No. of Shares	%	
<b>Directors</b>					
Soh Gim Teik	–	–	–	–	–
Luong Andy	–	85,859,000 <sup>(3)</sup>	85,859,000	20.01	22.23
Loh Meng Chong, Stanley	250,000	–	250,000	0.06	0.06
Oh Kean Shen	–	–	–	–	–
Chay Yiowmin	–	–	–	–	–
<b>Substantial Shareholders</b>					
Luong Andy	–	85,859,000 <sup>(3)</sup>	85,859,000	20.01	22.23
Lee Luong Sylvia S Y	–	85,859,000 <sup>(4)</sup>	85,859,000	20.01	22.23



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Notes:-

- (1) Based on the issued share capital of the Company of 429,143,947 Shares as at the Latest Practicable Date.
- (2) Based on the issued share capital of the Company of 386,229,553 Shares (assuming that the Company purchases the maximum number of 42,914,394 Shares under the Share Purchase Mandate).
- (3) Mr Luong Andy is deemed interested in the 85,859,000 Shares registered in the name of UOB Kay Hian Pte Ltd.
- (4) Mdm Lee Luong Sylvia S Y is Mr Luong Andy's spouse and is deemed to be interested in the 85,859,000 Shares held by Mr Luong Andy.

Mr Luong Andy and Mdm Lee Luong Sylvia S Y are spouses and are deemed under the Take-over Code to be parties acting in concert with each other. Based on their shareholdings in the Company as at the Latest Practicable Date as set out in paragraph 3 of this Circular, none of them would become obliged to make a take-over offer for the Company under Rule 14 and Appendix 2 of the Take-over Code if the Company undertakes, as permitted by the Share Purchase Mandate, Share Purchases up to the maximum limit of 10% of its Shares as at the Latest Practicable Date (there being no treasury shares held by the Company as at the Latest Practicable Date).

Based on the above information, as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 42,914,394 Shares under the Share Purchase Mandate.

Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 42,914,394 Shares under the Share Purchase Mandate.

#### **4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this Appendix, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Share Purchase Mandate.

#### **5. DIRECTORS' RECOMMENDATION**

Having considered, amongst others, the rationale and benefit of the Share Purchase Mandate, the Directors are of the opinion that the renewal of the Share Purchase Mandate is in the interest of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution under the Notice of 2016 AGM relating to the renewal of the Share Purchase Mandate.

#### **6. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 23 Changi North Crescent, Changi North Industrial Estate, Singapore 499616 not less than 48 hours before the time set for the AGM. The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the AGM.

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### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

### 8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 23 Changi North Crescent, Changi North Industrial Estate, Singapore 499616 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2015; and
- (c) the Share Purchase Mandate Circular dated 7 April 2015.

Yours faithfully  
for and on behalf of the Board of Directors  
UMS Holdings Limited

Soh Gim Teik  
Chairman