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Company Registration No.: 200100340R

UMS Signs Agreement with Singapore Water Disinfection System Manufacturer

Highlights

- **UMS signed agreement to subscribe for 51% equity of Kalf Engineering Pte Ltd's ("Kalf") enlarged shareholdings via issuance of new shares for a total consideration of S\$990,000**
- **This investment is part of the Group's strategy to diversify its revenue base beyond the semiconductor segment into another high growth sector**

SINGAPORE, 24 February 2017 – SGX Mainboard-listed UMS Holdings Limited ("UMS" or "the Group"), a strategic integration partner in manufacturing and engineering for front-end semiconductor equipment manufacturers, is pleased to announce that the Group had entered into a conditional subscription agreement ("Agreement") with Kalf Engineering Pte Ltd ("Kalf"), a water and chemical engineering solutions company.

Under the Agreement, UMS will subscribe for 51 per cent of the enlarged share capital of Kalf for a total consideration of S\$990,000 in cash, on a willing buyer willing seller basis. The consideration will be funded from internal sources of UMS ("Proposed Investment").

Rationale for Investment

This latest investment is part of the Group's strategy to diversify beyond its traditional semiconductor business segment in order to achieve an alternative revenue source as well as to allow the Group to venture into a high potential growth sector.

The Group's semiconductor business is driven by semiconductor chipmakers' capital spending and global economic conditions whereas the demand for Kalf's electro-chlorination systems depends more on the infrastructure and industrial development of the countries it conducts business. The regions that Kalf conducts business in include China, India, South East Asia, Middle-East, Africa and South America. The installation and replacement of electro-chlorination systems designed and fabricated by Kalf are required as part of the operations and maintenance of power plants, chemical plants and offshore platforms. In addition, Kalf has the capability to undertake water treatment projects. Accordingly, the Proposed Investment provides an opportunity for the Group to diversify its business operations into a specialised industry that is not dependent on semiconductor chipmakers' capital spending as well as provides the Company with increased technical skills in a new industry.

Commenting on the Group's latest business development, Mr. Andy Luong, Chief Executive Officer, UMS Holdings Limited said **"We are excited with the prospects of this investment. In the short term, we foresee a slight boost to our revenue as we can expect some orders on hand to be delivered. Over the longer period, UMS views this investment as part of its business diversification strategy, leveraging on our core competency in equipment manufacturing."**

Interested Person Transaction

The Proposed Investment is deemed to be an Interested Person Transaction (as defined in Chapter 9 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST")) as Kalf shareholders include Mr Andy Luong, the Chief Executive Officer of the Group and Mr Stanley Loh, the Executive Director and Group Financial Controller of the Group.

In accordance with Chapter 9 of the Listing Manual, shareholders' approval must be obtained for any Interested Person Transaction of a value which is equal to or greater than 5.0% of the Group's latest audited net tangible assets ("NTA") or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5.0% of the Group's latest audited NTA.

Based on the Company's latest audited consolidated accounts for the financial year ("FY") ended 31 December 2015, the Group's audited NTA amount to approximately S\$112.8 million. The value of the Proposed Investment amounts to S\$990,000 (US\$702,128(2)) which represents approximately 0.9% of the Group's latest audited NTA. Pursuant to the Listing Manual, the Proposed Investment is not subjected to the approval of the Company's independent shareholders. Nonetheless, the Company has sought the appointment of an independent financial adviser ("IFA") to advise the Directors who are deemed to be independent with respect to the Proposed Investment ("Independent Directors"), on a private and confidential basis, as to whether the Proposed Investment is on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

Taking into consideration the factors set out in its letter to the Independent Directors dated 15 February 2017 ("IFA Letter"), the IFA is of the opinion that the Proposed Investment is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

About Kalf Engineering Pte Ltd.

Kalf is a company incorporated in Singapore in 2008 with its principal activities being that of manufacturing water and chemical engineering solutions for oil and gas, power generation and chemical industries. KALF has been awarded the ISO 9001, ISO 14001 and OHSAS 18001 certifications.

Their main products are elysisPURE electro-chlorination generators which are designed for the electrolysis of seawater or brine into sodium hypochlorite solution, which is a disinfection solution for water treatment systems in power generation plants and oil & gas or offshore platforms. elysisPURE is designed and manufactured exclusively by KALF.

#End of Release#

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.