

UMS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 200100340R)

**MEMORANDUM OF UNDERSTANDING RELATING TO THE PROPOSED ACQUISITION OF
SHARES IN STARKE SINGAPORE PTE. LTD.**

1. INTRODUCTION

The board of directors (“**Board**”) of UMS Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has on 29 March 2018, entered into a binding memorandum of understanding (“**MOU**”) with Mr Luah Kian Tiong and Ms Yue Chee San (collectively, the “**Vendors**”) in respect of the proposed acquisition of 350,000 shares (“**Sale Shares**”) representing 70.0% of the issued and paid up share capital of Starke Singapore Pte. Ltd. (“**Starke**”) (the “**Proposed Acquisition**”).

Subject to the execution of a (i) sale and purchase agreement and (ii) shareholders agreement (the “**Definitive Agreements**”) and upon the completion of the Proposed Acquisition, the Company will hold 70.0% of the shareholding interest in Starke, resulting in Starke becoming a subsidiary of the Group.

The Proposed Acquisition constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual of the SGX-ST, the “**Listing Manual**”).

2. INFORMATION RELATING TO THE PROPOSED ACQUISITION

2.1 Information on Starke

Starke is a company incorporated in Singapore principally involved in the supply of aluminum alloy products and its products are mainly sold to the precision engineering industries. Starke is a supplier of aluminum alloy products of the Group.

2.2 Rationale for the Proposed Acquisition

Starke is a supplier of aluminium alloy products of the Group. The Proposed Acquisition would provide the Group with a good opportunity to secure cost savings, improve gross margin and enhance business and operational synergies through upstream integration of the supply chain of raw materials. In addition, the Proposed Acquisition will enhance the credibility of the order fulfilment of the Group’s machining business. The Board believes that the Proposed Acquisition is in the interest of the Group and the Company’s shareholders.

3. CONSIDERATION FOR THE PROPOSED ACQUISITION

Pursuant to the MOU, the aggregate consideration for the Sale Shares shall be based on the net tangible assets value per share calculated based on the management accounts of Starke for the financial period ended 31 March 2018 (the “**Consideration**”). The Vendors and the Company agree the Consideration may be adjusted following the results of the financial due diligence on Starke to reflect the net tangible assets value per share. The Consideration shall be satisfied in cash.

The Consideration cannot be determined at the date of this announcement. Purely for illustrative purposes, assuming that the Consideration is calculated based on the net tangible assets per share derived from Starke’s unaudited management accounts for the financial year ended 31 December 2017 (“**FY2017**”), the Consideration shall be S\$7,100,000.

The Consideration was agreed at after arm’s length negotiations between the Company and the Vendors and was based on a willing-buyer willing-seller basis, after taking into account the business prospects and net tangible assets of Starke.

The Proposed Acquisition will be funded by the Group’s internal resources. In addition, the Proposed Acquisition is not expected to have a material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2018.

4. VALUE OF THE SALE SHARES

There is no open market value for the Sale Shares as they are not publicly traded. Based on Starke’s unaudited management accounts as at 31 December 2017, the net profit attributable to the Sale Shares is approximately S\$1,334,000 and the net tangible asset value of the Sale Shares is approximately S\$20.29 per share. No independent valuation of Starke was available as at the date of the MOU.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Company’s Independent Director, Gn Jong Yuh Gwendolyn, is a partner in Shook Lin & Bok LLP, which is the law firm advising on this transaction. The transaction is handled by Mr Damian Ng and Ms Jodee Lee from Shook Lin & Bok LLP.

Save as disclosed above, none of the Directors, controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Acquisition (other than through their shareholdings in the Company).

6. FURTHER ANNOUNCEMENTS

If and when the Definitive Agreements is entered into between the Company and the Vendors, the Company will make an announcement to update the shareholders in due course.

7. CAUTIONARY STATEMENT

Shareholders should note that there is no certainty or assurance as at the date of this announcement that the Definitive Agreements will be entered into or that the Proposed Acquisition will materialise. Accordingly, Shareholders are advised to exercise caution when trading in the shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the MOU, the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 the announcement in its proper form and context.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

29 March 2018