



Company Registration No.: 200100340R

Press Release

UMS HOLDINGS SIGNS MOU TO ACQUIRE 70.0% STAKE IN NON-FERROUS METAL ALLOYS SPECIALIST - STARKE SINGAPORE PTE LTD

- To reap cost savings and business synergies from upstream integration

SINGAPORE, March 29, 2018 – SGX Mainboard-listed UMS Holdings Limited's ("**UMS**" or "**the Group**") has signed a memorandum of understanding (MOU) today to acquire a 70.0% stake in non-ferrous metal alloys specialist, Starke Singapore Pte Ltd (herein called "**Starke**") for a consideration to be determined based on the net tangible assets value per share of Starke calculated based on the management accounts of Starke for the financial period ended 31 March 2018.

The proposed acquisition, to be funded by internal resources and settled in cash, is in line with UMS' strategy to strengthen its upstream integration to reap cost savings and enhance business and operational synergies within the Group through a more efficient supply chain to serve global customers.

"This deal is both strategic and synergistic for UMS. We can gain from better economies of scale in view of the larger demand from UMS and other members of our Group including JEP Holdings Ltd ("**JEP**"), which makes precision parts for the aerospace sector," said Mr Andy Luong, UMS Chairman and CEO.

Established in 2006 as a one-stop metal services sourcing and logistics centre, Starke's clientele are mainly companies from the precision engineering sector. UMS, which has been a key customer for more than 10 years, is now its single largest customer accounting for more than 50% of Starke's revenue in 2017.

The company, which is AS/EN/JISQ9100 Rev. D and ISO 9001:2008 certified, sources its inventories of aluminium alloy products from suppliers globally including the USA, UK, Germany, Romania and Russia. Its major suppliers including Arconic and Kaiser are amongst the largest manufacturers of aluminium alloy products in the world.

Starke's value-added services for its customers include cutting materials to very fine specifications required by its customers and providing logistical support to enhance the supply-chain efficiencies of its clientele.

The company has grown from strength to strength since its inception -- riding on the back of robust demand from industries such as aviation, semiconductors, precision engineering, and mould making, as well as the overall electronics sector.

According to unaudited accounts, Starke reported a profit before tax of S\$1.9 million on revenue of S\$23.8 million and has cash and bank balances of S\$1.5 million and inventories of S\$6.7 million as of 31 Dec 2017.



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The proposed acquisition will be the third acquisition for UMS over the past 12 months. It had acquired a 29.5% of Catalist-listed JEP for approximately S\$28.16 million earlier this year in January which was paid fully in cash and funded by internal resources.

It had had acquired a 51.0% stake last March (2017) in Kalf Engineering Pte. Ltd. ("**Kalf**"), a company which specialises in water and chemical engineering solutions for the oil & gas, power generation and chemical sectors.

Both the JEP and Kalf acquisitions form part of UMS' strategy to diversify beyond its traditional semiconductor business and efforts to have alternative revenue streams as well as tap into high-potential growth sectors.

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.

Issued on behalf of UMS Holdings Limited

For more information, please contact:

Ms. Tham Moon Yee – tmy@stratagemconsultants.com

Mr. Soh Tiang Keng – sohtk@stratagemconsultants.com

Stratagem Consultants Pte Ltd:

Tel: 65 6227 0502

Fax: 65 6227 5663