

UNIONMET (SINGAPORE) LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200409104W)

ANNOUNCEMENT RELATING TO (I) ACQUISITION OF RESIDENTIAL PROPERTY AND (II) SIGNING OF TEAMING AGREEMENT

1. OPTION TO PURCHASE NO.71 BLANDFORD DRIVE SINGAPORE 559863

The Board of Directors (the “**Board**”) of Unionmet (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, USP Properties Pte Ltd (“**USPP**”) has exercised an option to purchase (the “**OTP**”) a landed property at 71 Blandford Drive, Singapore 559863 (the “**Property**”) for a cash consideration of S\$3,080,000 (the “**Acquisition**”) for the development for sale of a two-storey semi-detached dwelling house with attic (the “**Development**”).

2. INFORMATION RELATING TO THE PROPERTY

The Property is a 999-year single-storey landed property and has a total land area of approximately 260 square meters.

3. PURCHASE CONSIDERATION

The consideration of S\$3,080,000 (the “**Consideration**”) for the Acquisition was arrived at on a willing buyer willing seller basis. The Consideration will be settled in the following manner:

- (a) An option fee of S\$30,800 (representing 1% of the Consideration) paid on the grant of the OTP;
- (b) A further deposit of S\$123,200 (representing 4% of the Consideration) paid upon exercise of the OTP;
- (c) The remaining S\$2,926,000 (representing 95% of the Consideration) will be payable upon completion of the Acquisition which shall take place within twelve (12) weeks upon exercising the OTP.

4. TEAMING AGREEMENT WITH SLGH

USPP has also entered into a Teaming Agreement (the “**Agreement**”) with SL Global Holdings Pte Ltd (“**SLGH**”) for the Development on the Property. Pursuant to Agreement, SLGH will provide property development related services to the Development.

Under the Agreement, SLGH will undertake to complete the Development within 12 months from the date of the completion of the Acquisition and will fund all the development costs (including professional fees and approvals) involved. USPP and SLGH will jointly sell the Development with the profits shared in accordance to the Agreement.

5. ABOUT SLGH

SLGH is a Singapore incorporated company and is part of the SL Group. SL Group is a one-stop service provider in property development with design and construction services, interior design, home & office automation services and architectural services. It has more than 17 years of experience in the sector with projects focused on up-market developments in Serangoon Gardens, Meyer, Namly and Bukit Timah areas.

6. RATIONALE FOR THE TRANSACTION

The Acquisition and Agreement is aligned with Group's strategy to broaden the scope of its business activities and provide Shareholders with diversified returns and long term growth.

The Property represents the Group's maiden entry into the Property Development Business (as approved from its Shareholders on 25 February 2014) to which will enhance the income profile of the Group's existing income source.

Despite the on-going property curbs and the general slowdown in the private property market, the Directors believe that there are selected opportunities which will still provide returns to the Group. By going into the transaction with an experience partner like SLGH, the Board believes that such an arrangement will provide the Group with a relatively low-risk entry into the property development business and minimise the cost of investment.

The Property is located at the heart of Serangoon Garden area and the area is popular with well-heeled Singaporeans and expatriates.

7. FINANCIAL EFFECTS

The Group intends to fund the Acquisition with a combination of internal funds and bank borrowings. The proforma financial effects of the Acquisition on the Group are set out below. The proforma financials are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Group's operations after the completion of the Acquisition and are not indicative of the future financial position and earnings of the Group.

(i) Effect of the Acquisition on net tangible asset ("NTA")

For the purpose of illustration and assuming that the Acquisition had been completed on 30 November 2013 ("FY2013"), being the end of the most recently audited completed financial year, and based on the Group's FY2013 audited consolidated financial statements, and the Consideration of S\$3,080,000, the effect on the NTA per share of the Group as at 30 November 2013, would be as follows:

	Before the Acquisition	After the Acquisition
NTA per share (US cents)	5.67	5.67 ⁽¹⁾

¹ Exclude professional fees relating to the Acquisition which are expected to be immaterial.

(ii) Effect of the Acquisition on earnings per share (“EPS”)

Assuming that the Acquisition had been completed on 1 December 2012, being the beginning of the most recently audited completed financial year, the effect on the EPS of the Group for FY2013 would be as follows:

	Before the Acquisition	After the Acquisition
EPS (US cents)	(0.51)	(0.51) ⁽¹⁾

8. RELATIVE FIGURES

For illustrative purposes only, the relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Bases of Computation	Relative figure
Rule 1006(a) - Net asset value of the assets to be disposed, compared with the Group's net asset value	Not applicable as there is no disposal of assets.
Rule 1006(b) - The net profits attributable to the assets acquired, compared with the Group's net profits	Not applicable
Rule 1006(c) - Aggregate value of the purchase consideration to be given ⁽²⁾ , compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾	8.36%
Rule 1006(d) - Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as the Consideration will be fully settled in cash.

As the relative figures as computed on the above bases exceeds 5% but does not exceed 20%, the proposed acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual of the SGX-ST.

² For the purpose of computation of the ratio under Rule 1006(c), purchase consideration is mainly represented by the Consideration of S\$3,080,000.

³ The market capitalisation of Unionmet is based on 670,120,238 Shares in issue as at 21 August 2014 (being the last trading day immediately preceding the date of the OTP) and the weighted average price of S\$0.055 of the Shares transacted on the SGD-ST on the same date of S\$36.86 million.

9. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the directors of the Company has any interest, direct or indirect, in the Acquisition (other than in their capacity as directors or shareholders of the Company). As far as the directors of the Company are aware, no controlling shareholder of the Company has an interest, direct or indirect, in the Acquisition (other than in their capacity as shareholders of the Company).

10. GENERAL

The following documents are available for inspection during normal business hours at the registered office of the Company at 8 Shenton Way, #42-02, AXA Tower, Singapore 068811 for a period of three (3) months from the date of this announcement:

- (a) the OTP; and
- (b) the Agreement.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Acquisition is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements as and when there are further developments on the Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

LI HUA
Executive Chairman and Chief Executive Officer

22 August 2014