



**Union Steel Holdings Limited**  
(Company Registration Number: 200410181W)  
(Incorporated in the Republic of Singapore on 12 August 2004)

## **PRESS RELEASE**

**UNION STEEL HOLDINGS LIMITED ACQUIRES CONSTRUCTION AND INDUSTRIAL EQUIPMENT SPECIALIST JP NELSON HOLDINGS PTE LTD TO RIDE ON THE CONSTRUCTION AND INFRASTRUCTURE UPTREND AND TO ACCELERATE EXPANSION INTO THE BOOMING OFFSHORE OIL AND GAS AND MARINE SECTORS**

- Acquisition of JP Nelson to be paid via the allotment and issue of 119 million new Union Steel shares worth S\$44 million and cash of S\$1.5 million
- JP Nelson provides profit guarantees of S\$8.5 million in 2007 and S\$10 million in 2008

**Singapore, 22 January 2007** - Mainboard-listed Union Steel Holdings Limited ("Union Steel" or the "Group"), an integrated metal recycling company and one of the largest metal recyclers in Singapore in terms of volume of metals recycled, today announced that it has entered into a sales and purchase agreement to acquire JP Nelson Holdings Pte Ltd and its group of subsidiaries.

The agreement was signed with JP Nelson's shareholders - Lim Eng Koo and Seh Yin Yoke ("The Vendors"). JP Nelson is a market leader in providing leasing, sales and services of equipment for engineering, construction, oil & gas, shipyard/shipbuilding and offshore industries. It also provides marine logistics services including operating a shipyard in Tuas.

The acquisition is in line with the Group's strategy of accelerating its expansion into two growth sectors – the fast-recovering construction and infrastructure industry and the booming oil and gas and offshore sectors.

Under the S&P agreement, Union Steel will issue and allot 119 million ordinary shares worth S\$44 million and cash of S\$1.5 million to the vendors. This will give the vendors a 25.5% stake in Union Steel. The vendors have also undertaken a moratorium in which they will hold not less than 15% for the first year and not less than 12% for the second year of the enlarged issued share capital of Union Steel from the date of the agreement.

The vendors have also provided a profit guarantee of pre-tax profit S\$8.5 million and S\$10 million for the financial years ending December 31, 2007 and December 31, 2008 respectively. Should these commitments not be met (except for events of force majeure), the vendors will compensate Union Steel for the income shortfall.

In FY2005, JP Nelson reported a revenue of S\$56.8 million and a pre-tax profit of S\$5.9 million. In FY2004, the company's revenue was S\$51.8 million and its pre-tax profit was S\$6 million.

The agreement at this juncture is timely as the construction and infrastructure industry is facing strong rebound and the offshore oil and gas and marine sectors are now enjoying some of the highest growth rates in the world.

Mr Ang Yu Seng, Union Steel's CEO, said: "There are significant synergies that we can gain from this acquisition. This is a strategic transaction, which will accelerate our expansion into two of the fastest growing sectors in the region – the construction industry and the buoyant marine and offshore oil and gas sectors. With the development of the upcoming Integrated Resorts in Singapore and the increasing number for infrastructural projects in the region, we are optimistic that this acquisition will strengthen our foothold in these sectors. Leveraging on JP Nelson's extensive network, we will be able to supply steel to the many upcoming construction and infrastructure projects in the region. JP

Nelson's track record in the offshore oil and gas industry will also enable us to expand our reach into this buoyant industry. Not only will JP Nelson's shipyard business give us new customers in the marine industry for the supply of steel, we will also benefit from recycling of scrap metals from the booming ship-repair operations and Singapore is now one of the world's largest ship-repair and maritime centres.

The JP Nelson Group has over a 15-year track record and experience in providing leasing, sales and services of equipment for engineering, construction, oil & gas, shipyard/shipbuilding and offshore industries and this will be very valuable for us. The rapid pace of construction and infrastructure development and the robust expansion of the oil and gas and marine industry in Singapore and the region presents us an excellent opportunity for growth. ”

The agreement will be subject to satisfactory legal and/or financial due diligence of JP Nelson Holdings Pte Ltd and its group of subsidiaries, and the approval of Union Steel shareholders at an Extraordinary General Meeting (EGM) to be held at a later date. The listing and quotation of the new shares will also be subject to the approval of the Singapore Exchange (SGX).

Union Steel in the past three months had secured investment from key investors including Mr Sam Goi who believed that recycling companies such as Union Steel are well-poised for exponential growth because of the increasing awareness and commitment given by businesses and governments in the region to recycling and clean environmental practices.

Mr Goi had also invested in two water treatment companies namely Asia Environment Holdings and Dayen Environmental Limited, as he recognized the excellent growth potential for water resources and environment industries.

## **About Union Steel**

Union Steel has been recycling metals since 1984. The Company, which is listed on the mainboard of the SGX, now stands at the forefront of metal recycling which it believes has limitless potential as the world increasingly recognises the need to conserve Mother Earth's diminishing natural resources

Last year, Union Steel recycled approximately 120,000 tonnes of scrap metals at its recycling plants, making the Company one of the largest metal recyclers in Singapore in terms of volume of metals recycled.

The Company offers a one-stop integrated and competitive service for its customers' recycled metals needs and it now serves a wide customer base of over 500 customers, spanning across countries such as the PRC, India, Indonesia, Japan, Malaysia and Singapore.

**For more information on Union Steel, please visit its website at:**

<http://www.unionsteel.com.sg>

### **About JP Nelson Holdings Pte Ltd**

Established in 1992, JP Nelson is the market leader in providing leasing, sales and services of equipment for engineering, construction, oil & gas, shipyard/shipbuilding and offshore industries.

**JP Nelson** has been constantly improving both its technologies and product range as well as maintaining its service quality according to internationally approved standards

JP Nelson reported revenues of S\$51.8 million and S\$56.8 million in FY2004 and FY2005 respectively. The Company's pre-tax profit was approximately S\$6 million in both financial years ending December 31.

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For and on behalf of Union Steel Holdings Limited

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