

Union Steel Holdings Limited
(Company Registration Number: 200410181W)

RESPONSE TO SGX QUERY ON FIRST HALF FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008

The Board of Directors of Union Steel Holdings Limited (the "Company") wishes to announce the following response to query raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in its email on 18 February 09 ("SGX Query") on the announcement of the first half financial statement and dividend announcement for the period ended 31 December 2008.

SGX's Query

Query (1)

We note that on pages 1 and 7 of the results announcement, the Group reported a 38.0% increase in revenue from 1H2008 to 1H2009. Please explain the significant factors leading to the increase in revenue.

Our Reply as follow:

Increase in revenue for 1H FY09 as compared to 1H FY08 was due to a 96.8% rise in revenue in 1QFY09 which was attributed to the delivery of orders with higher contracted prices as compared to 1QFY08. Please refer to the below table for details:

	Sept 07			Sept 08		
	Q1 FY08	Q2 FY08	Total 1H FY08	Q1 FY09	Q2 FY09	Total 1H FY09
Total Revenue	51,928,743	60,478,763	112,407,506	102,170,011	52,961,720	155,131,731
Announced on	13/11/08		13/02/09	13/11/08		13/02/09
% FY08 vs FY09				96.8%	-12.4%	38.0%

Query (2)

We note that on page 1 of the results announcement, the Group reported a gain on disposal of property, plant and equipment of \$1.2 million. Please elaborate on the circumstances giving rise to this gain.

Our Reply as follow:

Total gain on disposal of property, plant and equipment of \$1.2 million included the following:

- | | |
|--|-----------------|
| a. Reversal of Deferred Gain on the 4 Sales-and-Lease-Back properties done in Nov 2007 for a period of 6 years | \$1.037 million |
| b. Disposal of old trucks and machinery during the period | \$0.163 million |

Query (3)

We note that on page 6 of the results announcement, the Company stated that the share capital of the Company was 351,468,250 ordinary shares as at 31 December 2008.

Please state the corresponding figure as at the end of the immediately preceding year (being 30 June 2008).

Our Reply as follow:

	30 June 2008	30 Sept 2008	31 Dec 2008
No. of ordinary shares	347,174,250	348,146,250	351,468,250

By Order of the Board

Ang Yu Seng
CEO/Executive Director