



UNION STEEL HOLDINGS LIMITED
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MEDIA RELEASE

Union Steel to acquire scaffolding company

26 July 2011 - Union Steel Holdings Limited, 友联钢铁控股有限公司 ("Union Steel"), one of the largest metal recycling companies in Singapore has proposed the acquisition of 100% of the total issued share capital of Hock Ann Metal Scaffolding Pte Ltd ("Hock Ann"), a scaffolding provider to the construction industry.

The proposed acquisition will be executed in three tranches with Union Steel acquiring 60%, 20% and 20% equity stake of Hock Ann, over a period of three years. Each tranche will be priced at four times the audited consolidated profit after tax for the financial years ending 31 Dec 2011, 2012, and 2013. The total purchase consideration for the three tranches will be capped at S\$24 million.

Hock Ann provides all-round modular scaffolding for residential to large industrial sites. It has a strong track record for excellence and safety and counts prominent developers amongst its customers. Past projects included One Raffles Quay, One Raffles Link, One George Street, Changi Terminal 3, National Library, and the Mercedes Showroom and Service centre. Hock Ann has seen rising profitability over the last three years. For the financial year ended 31 December 2010, Hock Ann reported audited net profit after tax of S\$6.6 million.

"We have been looking for opportunities to bring the Group to the next level of growth. The proposed acquisition of Hock Ann is one such opportunity; there is strategic fit with our existing business and there will be significant operating leverages. Both companies are in the metals-related and construction sector, and will be able to enjoy synergies on many levels. For example, we will be able to integrate their products and services in our offerings to our customers while Hock Ann too, will be able to sell our products to their customers. Thus, it will enable us to add more value to our customers and enhance our competitiveness in the market place."

- Mr. Ang Yu Seng (洪友成), Executive Chairman and Chief Executive Officer

A circular will be despatched to shareholders in due course.

About Union Steel Holdings Limited (Bloomberg: USH SP)

Founded in 1984 and listed on SGX-ST Mainboard in August 2005, Union Steel Holdings Limited is a one-stop supply centre for recycled metals. The Group is principally engaged in the recycling of ferrous and non-ferrous scrap metals, the trading of steel products and the provision of other services, comprising waste collection and management, demolition works, rental of steel plates and car scrapping. The Group believes

that it is currently one of the largest metals recycling companies in Singapore in terms of volume of metals recycled.

The Group serves a wide customer base of over 500 customers, spanning across countries such as China, India, Indonesia, Japan, Malaysia and Singapore. The Group intends to seek expansion opportunities within both its existing and potential markets via possible acquisitions and joint ventures. For more information, please log on to www.unionsteel.com.sg

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