

UNION STEEL HOLDINGS LIMITED

Company Registration No: 200410181W
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES ON THE 2011 ANNUAL REPORT

The Board of Directors of Union Steel Holdings Limited (the "Company") wishes to announce the following response to queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in its email on 13 October 2011 ("SGX Queries") regarding the Company's 2011 Annual Report:-

SGX's Queries

- 1) **Pursuant to Rule 1207(20) of the Listing Manual, the Company is required to provide a status report on the use of proceeds arising from the conversion of the warrants stated on page 26 of the Annual Report.**

Our response:

During the exercise period (15 April 2008 – 14 April 2011) of the warrants, 46,675,839 warrants were exercised, raising proceeds of approximately S\$5.6 million for the Company.

Under the terms of the warrants issue, net proceeds from the warrants may be utilised for repayment of the Group's borrowings, to fund working capital and/or such other purposes as the Directors may deem fit. Pending deployment of the net proceeds as mentioned above, the net proceeds may be placed as deposits with financial institutions, invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

The entire net proceeds are currently placed as deposits with financial institutions, pending deployment as mentioned above.

- 2) **Page 24 of the Annual Report states that, "the Company seeks annual renewal of general mandate from its shareholders for those recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations". We note that the Company does not have a general mandate from shareholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations. As such, please provide a statement to the effect that the Company does not have a general mandate from its shareholders.**

Our response:

The Company does not have a general mandate from its shareholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations.

By Order of the Board

Ang Yu Seng
Chairman and Chief Executive Officer
18 October 2011