



UNION STEEL HOLDINGS LIMITED

友联钢铁控股有限公司

UNION STEEL HOLDINGS LIMITED

(Company Registration No. 200410181W)

(Incorporated in the Republic of Singapore)

**RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING
LIMITED ON THE UNAUDITED FINANCIAL STATEMENT AND DIVIDEND
ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
("FY2014 RESULTS ANNOUNCEMENT")**

The Board of Directors (the "**Board**") of Union Steel Holdings Limited (the "**Company**") refers to its announcement on 21 August 2014 in relation to the release of the FY2014 Results Announcement. In this regard, the Board would like to respond to the following query raised by the Singapore Exchange Securities Trading Limited dated 5 September 2014 ("SGX Query") as follows:

SGX Query

Could the Company clarify via an announcement on SGXNET regarding the impairment of goodwill of S\$1,237,000 recognised in 4Q2014? Please disclose the acquisition from which the goodwill arose, and why this amount of impairment was recognized.

Company's Response

The goodwill impairment of S\$1,237,000 arose from the acquisition of Lim Asia Steel Pte Ltd ("Lim Asia") in 2008. In the annual test of impairment of goodwill conducted, the net present value of Lim Asia as a cash generating unit is calculated at S\$7,371,000. The Goodwill and net asset value is stated at S\$8,608,000. Thus, a charge of \$1,237,000 was made in 4Q2014.

By Order of the Board

Ang Yu Seng

Executive Chairman and Chief Executive Officer

9 September 2014