



UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

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

Proposed Acquisition of Property

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Union Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly owned subsidiary, Hock Ann Metal Scaffolding Pte Ltd (“**Hock Ann**”), had on 18 March 2020 exercised an option (“**Option**”) granted by M Metal Pte Ltd (the “**Seller**”) to purchase an industrial premise (“**Property**”) situated at 5 Kian Teck Crescent Singapore 628882 (“**Proposed Acquisition**”) for an aggregate consideration of S\$1,800,000 (“**Consideration**”). The Seller is not related to the Group.

The Property is a JTC property comprising a part 1-storey / part-2 storey detached factory with a secondary dormitory.

The Property has a gross floor area of approximately 3,666 square meters, with a leasehold tenure of 30 years commencing 1st January 1994.

2. CONSIDERATION

The Consideration was arrived at on a willing-buyer, willing-seller basis.

The Consideration will be paid by Hock Ann in cash to the Seller as follows: (i) 10% upon exercise of the Option, and (ii) 90% upon completion of the Proposed Acquisition. The Consideration will be funded entirely by internal funds.

Hock Ann shall bear any stamp duty payable on the exercise of the Option.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in line with the Group’s business plan to have additional space for the operation of its scaffolding business as well as the dormitory dwelling for the Group’s workers.

4. PRINCIPAL TERMS OF THE OPTION

The salient terms and conditions of the Option are as follows:

4.1 Conditions Precedent

4.1.1 The Proposed Acquisition is subject to the following conditions being satisfied:

- (a) JTC approving the use of the Property; and
- (b) Written approval of JTC, and where required by JTC, the relevant authorities, for the Proposed Acquisition (the “**JTC Approval**”).

In the event that the JTC Approval is not obtained by the date falling sixteen (16) weeks from the date of the acceptance of Option or by such extended date as the Seller may grant, the Proposed Acquisition shall terminate and the Seller shall refund to Hock Ann all monies paid, free of interest.

4.1.2 The Proposed Acquisition is subject to the special conditions and conditions of sale known as to “The Law Society of Singapore's Conditions of Sale 2012” insofar as they are applicable to a sale by private treaty and are not varied or inconsistent with any provisions of the Option.

4.1.3 The Proposed Acquisition is subject to Hock Ann’s solicitors’ receiving satisfactory replies to all the usual legal requisitions and road and drainage interpretation plans sent by them to the various relevant government departments.

4.1.4 The Proposed Acquisition is also subject to such standard terms and conditions as may be applicable to JTC properties.

4.2 Completion

Completion shall take place within twelve (12) weeks from the date of exercising the Option or within four (4) weeks after the JTC’s Approval is obtained or within four (4) weeks after JTC’s written approval confirming to the Environmental Baseline Study and Decontamination requirements, whichever is the latest.

5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“MAINBOARD RULES”)

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (e) of the Mainboard Rules are as follows:

Listing Rule	Content	Relative Figure
1006 (a)	The net asset value of the assets to be disposed of compared with the Group’s net asset value. The basis is not applicable to an acquisition of assets.	Not applicable
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not meaningful ⁽¹⁾
1006 (c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	13.9% ⁽²⁾
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006 (e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) Assuming that the dormitories located on the Property continued to be rented out at the current rental rate and taking into consideration factors such as depreciation, land rent, property tax and maintenance cost. The relative figure is less than positive one percent.
- (2) The market capitalisation of the Company of approximately S\$12,995,000 is based on 39,378,100 Shares and the volume weighted average price of S\$0.33 per Share on 17 March 2020, being the last market day preceding the date of this announcement on which the Company’s shares were traded.

Having regard to the above, as the relative figure computed on the base set out in Rule 1006(c) of the Mainboard Rules exceeds 5% but is less than 20%, the Proposed Acquisition constitutes a “disclosable transaction” under the Mainboard Rules. Accordingly, the Proposed Acquisition is not subject to the approval of shareholders of the Company being obtained.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Acquisition. The financial effects set out below are based on the Group's audited financial statements for the most recently completed financial year ended 30 June 2019 ("FY2019").

Effect on net tangible assets ("NTA")

Assuming the Proposed Acquisition has been completed on 30 June 2019, the effect of the Proposed Acquisition on the NTA of the Group would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$'000)	53,891	53,891
Number of issued shares	39,378,100	39,378,100
NTA per share (cents)	136.86	136.86

Effect on earnings per share ("EPS")

Assuming the Proposed Acquisition has been completed on 1 July 2018, the effect of the Proposed Acquisition on the EPS of the Group would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition ⁽¹⁾
Net loss after tax attributable to owners of the Company (S\$'000)	(4,687)	(4,646)
Number of issued shares	39,378,100	39,378,100
EPS (cents)	(11.90)	(11.80)

Note:

- (1) the proforma financial effects on the EPS of the Company for FY2019 are determined based on certain assumption of savings from dormitory rental as well as other costs incurred in relation to the Property such as depreciation charges, land rental and property tax.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

8. SERVICE CONTRACTS

No directors are proposed to be appointed to the Company in connection with the Proposed Acquisition.

9. DOCUMENT FOR INSPECTION

A copy of the Option in respect of the Proposed Acquisition is available for inspection during normal business hours at the Company's registered office at 33 Pioneer Road North Singapore 628474.

10. OTHERS

The Company will make further announcements in relation to the Proposed Acquisition as and when there are material developments.

By Order of the Board

Ang Yu Seng
Executive Chairman and Chief Executive Officer

18 March 2020