



(Incorporated in the Republic of Singapore)
Company Registration Number: 200410181W

APPENDIX DATED 14 OCTOBER 2020

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS HEREIN OR AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Appendix is circulated to the Shareholders (as defined in this Appendix) of Union Steel Holdings Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2020 (the “**Annual Report**”). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the Proposed Change of Auditors (as defined in this Appendix) to be tabled at the annual general meeting of the Company (the “**AGM**”) to be convened by electronic means on 29 October 2020 at 10:00 a.m.

The Notice of the AGM and a proxy form are enclosed with the Annual Report. This Appendix has been appended to the Annual Report, which has been made available on SGXNet and the company’s website. A printed copy of this Appendix will not be dispatched to Shareholders.

This Appendix has been prepared by the Company with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Appendix.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the accuracy of any statements or opinions made or reports contained in the Appendix.

UNION STEEL HOLDINGS LIMITED

APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED CHANGE OF THE AUDITORS OF THE COMPANY FROM MESSRS DELOITTE & TOUCHE LLP TO MESSRS NEXIA TS PUBLIC ACCOUNTING CORPORATION

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"ACRA"	:	The Accounting and Corporate Regulatory Authority
"AGM"	:	The annual general meeting of the Company to be convened by electronic means on 29 October 2020 at 10:00 a.m.
"Annual Report"	:	The annual report of the Company for the financial year ended 30 June 2020
"Appendix"	:	This appendix dated 14 October 2020
"Audit Committee"	:	The audit committee of the Company, comprising Siau Kai Bing, Wong Loke Tan and Tan Min-Li
"Auditors"	:	The external auditors of the Company as appointed from time to time
"Board"	:	The board of directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
"Company"	:	Union Steel Holdings Limited
"Constitution"	:	The constitution of the Company as amended, supplemented or modified from time to time
"Directors"	:	The directors of the Company for the time being, and each a "Director"
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	30 September 2020, being the latest practicable date prior to the finalisation of this Appendix
"Listing Manual"	:	The Listing Manual of the SGX-ST as may be amended, supplemented or modified from time to time
"Nexia"	:	Nexia TS Public Accounting Corporation
"Notice of AGM"	:	The notice of AGM to be held on 29 October 2020 at 10:00 a.m.
"Ordinary Resolution"	:	The ordinary resolution in relation to the Proposed Change of Auditors
"Proposed Change of Auditors"	:	The proposed change of Auditors from Messrs Deloitte & Touche LLP to Messrs Nexia TS Public Accounting Corporation
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
"Shares"	:	Ordinary shares in the capital of the Company
"Substantial Shareholder"	:	A person who has an interest or interests in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares of the Company
"%"	:	Per centum or percentage

The terms **"Depositor"**, **"Depository Agent"** and **"Depository Register"** shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore.

The terms **"subsidiary holdings"** and **"treasury shares"** shall have the respective meanings ascribed to them in the Listing Manual.

The term **"subsidiary"** shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

DEFINITIONS

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the Companies Act or the Listing Manual, or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Any reference to a date and/or time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

LETTER TO SHAREHOLDERS

UNION STEEL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 200410181W

Directors:

Mr Ang Yu Seng (Executive Chairman & Chief Executive Officer)
Mr Ang Yew Chye (Executive Director)
Mr Siau Kai Bing (Lead Independent Director)
Ms Tan Min-Li (Independent Director)
Mr Wong Loke Tan (Independent Director)
Mr Goi Kok Ming (Wei Guoming) (Non-Executive Director)

Registered Office:

33 Pioneer Road North
Singapore 628474

14 October 2020

To: The Shareholders of Union Steel Holdings Limited

Dear Sir / Madam,

THE PROPOSED CHANGE OF THE AUDITORS OF THE COMPANY FROM MESSRS DELOITTE & TOUCHE LLP TO MESSRS NEXIA TS PUBLIC ACCOUNTING CORPORATION**1. INTRODUCTION**

- 1.1. We refer to item 4 appearing in the Notice of Annual General Meeting. This item is an Ordinary Resolution ("**Resolution 5**") for the Proposed Change of Auditors.
- 1.2. The purpose of this Appendix is to explain the rationale for, and to provide Shareholders with the relevant information in connection with the Ordinary Resolution to be tabled at the AGM, and to seek Shareholders' approval for the resolution relating to the same. This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.
- 1.3. The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED CHANGE OF AUDITORS**2.1. Background and Rationale**

- 2.1.1. At the last annual general meeting of the Company held on 24 October 2019, Messrs Deloitte & Touche LLP was re-appointed as auditors of the Company to hold office until the close of the next annual general meeting of the Company. Messrs Deloitte & Touche LLP has been the auditors of the Group since 31 March 2015.
- 2.1.2. The Board assessed and reviewed the duration of the services provided by Messrs Deloitte & Touche LLP and is of the view that as a matter of good corporate governance, it is appropriate to consider a rotation of auditors while keeping the costs at a reasonable level given the Group's current level of activities and business. The Board, the Audit Committee and Messrs Deloitte & Touche LLP mutually agreed that it would be in the interests of both, the Company and Messrs Deloitte & Touche LLP, not to continue the appointment due to cost considerations.

LETTER TO SHAREHOLDERS

- 2.1.3. Further, as part of the Company's ongoing efforts to enhance operating cost efficiencies, the Board had reviewed audit fee proposals from various audit firms. The Board in consultation with the Audit Committee has determined that the audit fee proposal from Messrs Nexia TS Public Accounting Corporation is the most competitive and would provide a cost saving of approximately S\$90,000 (or 39%) to the Group. The Company does not expect the reduction in cost to affect the quality and scope of the audit to be undertaken with the Proposed Change of Auditors.
- 2.1.4. In compliance with Rule 712(1) of the Listing Manual, the Board had considered other various factors, including the adequacy of resources, the experience of the audit firm and the audit engagement partner, the number and experience of supervisory and professional staff and the audit firm's other audit engagements and the anticipated size and complexity of the Group. The Board notes that Messrs Nexia TS Public Accounting Corporation meets the requirements under Rule 712(2) of the Listing Manual as it is registered with and regulated by ACRA. Upon evaluation, the Board is satisfied that Messrs Nexia TS Public Accounting Corporation will be able to meet the audit requirements of the Group.
- 2.1.5. The financial statements of the Company are currently prepared in accordance with the Singapore Financial Reporting Standards (International) and the scope of audit services to be provided by Messrs Nexia TS Public Accounting will be comparable to the services currently provided by Messrs Deloitte & Touche LLP.
- 2.1.6. In this regard, the Company's retiring auditors, Messrs Deloitte & Touche LLP, will retire and not seek re-appointment at the Company's AGM.
- 2.1.7. Messrs Nexia TS Public Accounting Corporation have on 7 October 2020 given their written consent to act as the Auditors, subject to the approval of the Shareholders at the AGM.
- 2.1.8. The appointment of Messrs Nexia TS Public Accounting Corporation would be effective upon obtaining the approval of Shareholders at the AGM. If approval is obtained, Messrs Nexia TS Public Accounting Corporation will hold office as the Auditors until the conclusion of the next AGM.
- 2.1.9. The Board wishes to highlight that the Proposed Change of Auditors is in no way the result of any disagreement with Messrs Deloitte & Touche LLP or dismissal of Messrs Deloitte & Touche LLP. The Directors wish to express their appreciation for the past services rendered by Messrs Deloitte & Touche LLP.

2.2. Requirements under Rule 712 of the Listing Manual

- 2.2.1. Pursuant to Rule 712(1) of the Listing Manual, the Directors and the Audit Committee, having considered the adequacy of the resources and experience of Messrs Nexia TS Public Accounting Corporation and the audit engagement partner assigned, the size and complexity of the Group's operations, and the number and experience of supervisory and professional staff assigned to the audit, are of the opinion that the appointment of Messrs Nexia TS Public Accounting Corporation as the Auditors will be able to meet the audit requirements of the Company.
- 2.2.2. Pursuant to Rule 712(3) of the Listing Manual, the appointment of Messrs Nexia TS Public Accounting Corporation as the Auditors must be specifically approved by Shareholders in a general meeting. Accordingly, the appointment of Messrs Nexia TS Public Accounting Corporation would be effective upon the approval by Shareholders at the AGM to be held on 29 October 2020.
- 2.2.3. Pursuant to Section 205 of the Companies Act, Chapter 50 of Singapore, a copy of the notice of nomination of the proposed new Auditors dated 5 October 2020 from a Shareholder is attached as **Annex A** to this Appendix.

2.3. Requirements under Rule 715 of the Listing Manual

- 2.3.1. The Board confirms that pursuant to the Shareholders' approval of the Proposed Change of Auditors, Messrs Nexia TS Public Accounting Corporation will become the auditors of the Company and of its Singapore-incorporated subsidiaries for the financial year ending 30 June 2021 and going forward.

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2.4. Requirements under Rule 1203(5) of the Listing Manual

2.4.1. In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (i) the Company had received a copy of the professional clearance letter from Messrs Deloitte & Touche LLP dated 7 October 2020 to Messrs Nexia TS Public Accounting Corporation, confirming that they are not aware of any professional reasons why Messrs Nexia TS Public Accounting Corporation should not accept appointment as the new auditors of the Company;
- (ii) the Board confirms that there were no disagreements with Messrs Deloitte & Touche LLP on accounting treatments within the last 12 months from the date of this Appendix;
- (iii) the Board confirms that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Appendix;
- (iv) the reasons for the Proposed Change of Auditors are disclosed in paragraph 2.1 of this Appendix above; and
- (v) the Board confirms that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Messrs Nexia TS Public Accounting Corporation as its new auditors, after taking into account the various factors in paragraph 2.2 and 2.3 of this Appendix above.

2.5. Information on Messrs Nexia TS Public Accounting Corporation

- 2.5.1. Messrs Nexia TS Public Accounting Corporation (“**Nexia**”) is associated with Smith & Williamson in the United Kingdom, and both Nexia and Smith & Williamson are independent member firms of the Nexia International network, a leading global network of independent accounting and consulting firms operated by Nexia International Limited with a worldwide turnover in excess of USD\$4 billion, with substantial representation in the major financial centres of the world, which are supported by 32,000 professional staff worldwide and 727 offices in more than 122 countries globally. Smith & Williamson is a leading, independently owned, accounting, financial advisory and investment management group with over 1,700 employees in the United Kingdom with its headquarters in London. As part of the top ten largest firms of accountants in the United Kingdom, it has 12 principal offices in the United Kingdom, Ireland and Jersey. Its services include investment management, accountancy, tax, corporate and financial advisory.
- 2.5.2. Nexia (formerly practising as Nexia Tan & Sitoh) was founded in 1993 by two (2) experienced chartered accountants, namely Henry Tan and Sitoh Yih Pin. Nexia is registered with ACRA and has 19 directors and approximately 220 professional staff offering auditing, accounting, advisory and taxation services. Nexia has offices in Singapore, Malaysia, Myanmar and Shanghai, People’s Republic of China, and is amongst the top 10 largest accounting firms in Singapore. Certain directors of Nexia are audit committee members of a number of listed companies in Singapore and have many years of experience in corporate governance and auditing issues. Nexia is currently the independent auditors to more than 40 Singapore listed companies. In this regard, Nexia has approximately 200 professional staff in its Singapore office.
- 2.5.3. Ms Meriana Ang will be the designated Lead Engagement Partner who will be assigned to lead the audit of the Company and its subsidiaries. Ms Meriana Ang is a member of the Institute of Singapore Chartered Accountants and a public accountant registered with ACRA. She has more than 15 years of experience in providing audit services to a variety of clients, including various companies listed on the SGX-ST. Her experience in listed companies covers various industries including oil and gas, real estate, shipping, construction, food and beverages, manufacturing, distribution and trading, services and investment holding with operation in various geographical locations including Singapore, Myanmar, Indonesia, Malaysia, Canada, United States of America, People’s Republic of China and Vietnam.
- 2.5.4. Ms Meriana Ang is currently the Lead Engagement Partner of several Singapore listed companies with operations in various geographical locations. In particular, both Nexia and Ms Meriana Ang have experience in auditing companies with similar business activities as the Company (i.e. which are in the metal, scaffolding and engineering sector). In recent years, Ms Meriana Ang has also acted as the Reporting Accountant for corporate transactions, such as major acquisitions and reverse takeover of companies listed on the SGX-ST.

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- 2.5.5. Ms Meriana Ang had previously been subjected to the Practice Monitoring Programme (“PMP”) review by ACRA and the Company noted that there is no adverse feedback from ACRA on Ms Meriana Ang from previous exercises. Other partners of Nexia selected for review in 2018 under the PMP conducted by ACRA have also passed the practice review and have not received a hot review order. Ms Meriana Ang will be supported by an Engagement Quality Control Reviewer (“EQCR”), who is an experienced director to ensure that the engagement team is provided additional objective viewpoints on the audit and an audit team of 4 to 5 professionals, comprising a manager, senior associates and associates.
- 2.5.6. Apart from EQCRs allocated for all listed company and large public-interest clients, detailed quality reviews are performed by a central review team on these audits. Also other than ACRA PMP inspections, Nexia also undergoes Nexia International quality reviews and ACRA PMP inspections on a periodic basis.
- 2.5.7. For more information about Nexia, please visit <http://www.nexiats.com.sg>.

2.6. Recommendation of the Audit Committee

- 2.6.1. The Audit Committee has reviewed the Proposed Change of Auditors and has taken into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA, as well as the requirements under the Listing Manual. The Audit Committee has also noted that Ms Meriana Ang has passed the latest Practice Monitoring Programme review by ACRA.
- 2.6.2. Having satisfied itself as to the suitability of Messrs Nexia TS Public Accounting Corporation, the Audit Committee recommends the Proposed Change of Auditors.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 3.1. As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares, as recorded in the Register of Directors’ Shareholdings and Register of Substantial Shareholders’ Shareholdings of the Company are as follows:

	Direct Interest	Number of Shares Deemed Interest	Total Interest (%) ⁽¹⁾
Directors			
Ang Yu Seng	13,724,840	-	34.85
Goi Seng Hui	8,584,000	-	21.80
Ang Yew Chye	3,565,143	-	9.05
Siau Kai Bing	12,000	-	0.03

Notes:

⁽¹⁾ Based on 39,378,100 shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date.

4. DIRECTORS’ RECOMMENDATIONS

The Directors are of the opinion that the Proposed Change of Auditors is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors set out in the Notice of AGM.

5. ANNUAL GENERAL MEETING

- 5.1. The AGM, notice of which is appended to the Annual Report, will be held by way of electronic means on 29 October 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolution set out therein.

LETTER TO SHAREHOLDERS

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

6.1. Alternative Arrangements for AGM

No physical attendance

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person.

Appointment of Chairman of the AGM as Proxy

Shareholders (whether individuals or corporates) must appoint the Chairman of the AGM as proxy and to give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form if such member wishes to exercise his/her/its voting rights at the Meeting, failing which the appointment and votes will be treated as invalid.

The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

- (a) in the electronic format accessible on the Union Steel Holdings Limited AGM Website;
- (b) if submitted by post, be lodged at the office of the Company's registered office at 33 Pioneer Road North, Singapore 628474 or
- (c) if submitted electronically, be submitted via email to corporate@unionsteel.com.sg.

in either case by no later than 10.00 a.m. on 27 October 2020, being 48 hours before the time appointed for the AGM.

In the case of submission of the Proxy Form other than via the Union Steel Holdings Limited AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy.

6.2. When Depositor regarded as Shareholder

A Depositor shall not be regarded as a member of the Company entitled to vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Part IIIA of the Securities and Futures Act at least 72 hours before the AGM.

6.3. No Despatch of Printed Copies of Appendix, Notice of AGM and Proxy Form

In line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, no printed copies of the Appendix, the Notice of AGM and the Proxy Form in respect of the AGM will be despatched to Shareholders.

A copy of the Appendix is appended to the Annual Report, which has been uploaded on SGXNet and will be made available on the Company's website. A Shareholder will need an internet browser and PDF reader to view these documents on SGXNet and the Company's website.

7. DIRECTORS' RESPONSIBILITY STATEMENT

- 7.1. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

LETTER TO SHAREHOLDERS

7.2. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

8. DOCUMENTS FOR INSPECTION

8.1. Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Constitution;
- (b) the annual report of the Company for the financial year ended 30 June 2020;
- (c) the professional clearance letter from Messrs Deloitte & Touche LLP; and
- (d) the letter of consent from Messrs Nexia TS Public Accounting Corporation.

8.2. In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the registered office of the Company may not be possible during this period. Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

For and on behalf of the Board

Mr Ang Yu Seng

Executive Chairman / Chief Executive Officer

Union Steel Holdings Limited

ANNEX A – NOTICE OF NOMINATION

5 October 2020

Union Steel Holdings Limited

33 Pioneer Road North

Singapore 628474

Attention: The Board of Directors

Dear Sirs

Notice of Nomination

Pursuant to Section 205(11) of the Companies Act, Chapter 50 of Singapore, I, Ang Yu Seng, in my capacity as a member of Union Steel Holdings Limited (the "**Company**"), hereby give notice of my nomination of Messrs Nexia TS Public Accounting Corporation of 80 Robinson Road #25-00, Singapore 068898 for appointment as the Auditors of the Company in place of the retiring Auditors, Messrs Deloitte & Touche LLP of 6 Shenton Way, OUE Downtown 2, #33-00 Singapore 068809 at the forthcoming Annual General Meeting of the Company to be held on 29 October 2020 or at any adjournment thereof.

Yours faithfully

Ang Yu Seng

Member, Union Steel Holdings Limited