
MEMORANDUM OF UNDERSTANDING IN RELATION TO PROPOSED DISPOSAL OF FASTWELD ENGINEERING CONSTRUCTION PTE LTD

1. INTRODUCTION AND NON-BINDING MOU

- 1.1. The board of directors (the “**Board**” or “**Directors**”) of Union Steel Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Union Engineering Pte Ltd (UEN 199302751D) (the “**Seller**”), has on 30 January 2026 entered into a non-binding memorandum of understanding (the “**MOU**”) with Eneco Singapore Pte. Ltd. (the “**Buyer**”) for the proposed disposal of the Seller’s entire interest in its wholly-owned subsidiary, Fastweld Engineering Construction Pte. Ltd. (the “**Target Company**” or “**Fastweld**”) (the “**Sale Shares**”) to the Buyer (the “**Proposed Disposal**”).
- 1.2. Pursuant to the MOU, the Buyer and the Seller (collectively, the “**Parties**”, and each a “**Party**”) have agreed to an exclusivity period of up to one hundred and eighty (180) days from the date of the MOU, which can be further extended by mutual consent of the Parties, to carry out their respective due diligence and to enter into a definitive sale and purchase agreement (“**SPA**”) in respect of the Proposed Disposal.
- 1.3. The MOU does not give rise to any legally binding obligations between the Seller and the Buyer in respect of the Proposed Disposal, and the Proposed Disposal is subject to further negotiation, satisfactory due diligence and the parties agreeing to the terms of and entering into the SPA.

2. INFORMATION RELATING TO THE SELLER, THE BUYER AND THE TARGET COMPANY

2.1. The Seller

The Seller is a company incorporated in Singapore with its registered address at 33 Pioneer Road North, Singapore 628474. As at the date of this announcement, the Seller is the legal and beneficial owner of the Sale Shares comprising 100 per cent of the entire issued and paid-up share capital of the Target Company. The Seller is engaged in the business of investment holding activities.

The Seller is a wholly owned subsidiary of Union Steel Holdings Limited, which is a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

2.2. The Buyer

The Buyer is a company incorporated in Singapore with its registered address at 300 Tampines Avenue 5 #05-02, Income at Tampines Junction, Singapore 529653. The Buyer is engaged in the business of investment holding and wholesale activities conducted on a fee or commission basis.

The Buyer is a wholly owned subsidiary of Eneco Energy Limited, a company listed on the Mainboard of the SGX-ST.

2.3. The Target Company

The Target Company is a company incorporated in Singapore with its registered address at 2 Kranji Link, Singapore 728648. The Target Company is an engineering procurement and maintenance contractor providing engineering, maintenance and construction services to clients in the marine, offshore and industrial sectors, including process plant maintenance, site-based execution works and project-based engineering activities.

2.4. The Company

The Company is the legal and beneficial owner of the 100 per cent equity interest in the issued and paid-up share capital of the Seller and is the ultimate holding company of the Target Company. The Company has been listed on the Mainboard of the SGX-ST since 15 August 2005. The Company is also a major shareholder of Eneco Energy Limited. As at the date of this announcement, the Company holds 951,000,000 shares representing approximately 25.02 per cent of the total ordinary share capital of Eneco Energy Limited.

3. **RATIONALE FOR THE PROPOSED DISPOSAL**

Following the integration and operation of the Group's recent years' acquisitions, including the acquisition of Fastweld Engineering Construction Pte. Ltd. in November 2022, the Board has undertaken a strategic review of the Group's business portfolio as part of its ongoing efforts to optimise capital allocation, management focus and long-term strategic positioning.

Fastweld is an established engineering procurement and maintenance contractor that operates a predominantly execution-driven and project-based engineering and construction business, serving clients in the marine, offshore and industrial sectors. While Fastweld has contributed positively to the Group since its acquisition, the Board notes that its business profile, operating model and dynamics differ from the Group's core engineering and manufacturing businesses, which are more focused on fabrication, structured project delivery and production-oriented operating platforms.

As part of this review process, the Board has been exploring strategic options in relation to Fastweld, including discussions with interested third parties for whom Fastweld's business model may represent a stronger strategic fit. The entry into the MOU represents a preliminary and non-binding step to facilitate further discussions, due diligence and evaluation of a potential transaction.

If the Proposed Disposal is eventually completed, it is expected to allow the Group to further streamline its operations and reallocate management attention and financial resources towards business segments that are more closely aligned with the Group's long-term strategic priorities. Any net proceeds arising from the Proposed Disposal, if completed, may be applied towards debt reduction, working capital requirements and/or future growth opportunities, subject to prevailing market conditions and the Group's capital needs at the relevant time.

4. SALIENT TERMS OF THE MOU

The MOU is intended to set out the basis for further discussion in respect of the Proposed Disposal and the main principles that will underlie the legally binding definitive SPA that the parties to the MOU will enter into concerning the Proposed Disposal. Some of the salient terms are set out below:

4.1. Exclusivity and Validity

The Parties have agreed that they shall negotiate exclusively during the Exclusivity Period (as defined below) on the Proposed Disposal. “**Exclusivity Period**” shall mean an exclusivity period of one hundred and eighty (180) days starting on the date of the MOU, which can be further extended by mutual consent of the Parties (the “**Extended Exclusivity Period**”), such consent not to be unreasonably withheld.

During the Exclusivity Period and the Extended Exclusivity Period (if applicable), the Seller and its representatives shall not discuss, negotiate or commit with any other person or entity to sell or dispose of the Sale Shares or to make any other investment in and/or acquire the Target Company or any of its material assets.

4.2. Representation and Warranties

The sale and purchase agreement will contain customary representations and warranties from the Seller including without limitation in relation to the (i) authority to enter into the sale and purchase agreement, (ii) title to the Sale Shares free from any mortgage, pledge or guarantee and any third party's recourse and (iii) the Target Company.

The MOU is not expressed to be legally binding in nature as between the parties other than the Exclusivity Period and the Extended Exclusivity Period (if applicable), confidentiality obligations between the parties, the governing law of the MOU and certain general provisions relating to counterpart signatures, non-variation and non-assignment. As the entry into the Proposed Disposal is subject to the parties completing due diligence to their satisfaction and agreeing to the terms of and entering into the SPA, there is no certainty or assurance that any definitive agreements will be entered into or that the Proposed Disposal will materialise.

5. INTERESTED PERSON TRANSACTION

The Proposed Disposal, if it proceeds to a binding agreement, would constitute:

- a) an interested person transaction under Chapter 9 of the Mainboard Rules of the SGX Listing Manual (the “**Mainboard Rules**”); and
- b) a transaction that would constitute a “transaction” under Chapter 10 of the Mainboard Rules (the exact category of which will be determined upon finalisation of the terms of the Proposed Disposal).

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal or the MOU, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 this announcement in its proper form and context.

7. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcement(s) in relation to the Proposed Disposal as and when there are any material developments on the matter, including the signing of any definitive agreements.

8. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully and should note that the entry into and completion of the Proposed Disposal is subject to satisfactory due diligence and certain conditions precedent. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests and to exercise caution when dealing in the securities of the Company. In the event of any doubt, the shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD

Ang Yu Seng

Executive Chairman and Chief Executive Officer
2 February 2026