



UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

(Incorporated in the Republic of Singapore)

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP
SHARE CAPITAL OF BTH HOLDINGS PTE. LTD.**

- SIGNING OF A NON-BINDING TERM SHEET

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Union Steel Holdings Limited (the “**Company**”, and, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 31 August 2021 entered into a non-binding term sheet (“**Term Sheet**”) with New Oasis Pte. Ltd. (the “**Seller**”), a company incorporated in Singapore, (the Seller and the Company, collectively, the “**Parties**”, and each, a “**Party**”) in connection to the proposed acquisition of the entire issued and paid-up share capital (“**Sale Shares**”) of BTH Holdings Pte. Ltd. (the “**Target Company**”, and together with its subsidiary, the “**Target Group**”) by the Company (hereinafter referred to as the “**Proposed Acquisition**”).

The Term Sheet sets out the main principles of the definitive legal documentation to be entered into between the Parties in respect of the Proposed Acquisition (the “**Definitive Agreement(s)**”). The Term Sheet is not legally binding between the Parties save for various provisions, and, accordingly, the Proposed Acquisition is subject to the Parties executing the Definitive Agreement(s).

If the Proposed Acquisition is undertaken and completed by the Company, the relative figures in respect of the Proposed Acquisition computed on the basis set out in Rule 1006(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”) exceeds 20%. Accordingly, the Proposed Acquisition, if undertaken and completed, constitutes a major transaction as classified under Chapter 10 of the Listing Manual and is subject to the approval of shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened.

2. INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Singapore, and the Target Group is in various businesses catering to the offshore oil and petroleum industries. These businesses include the installation of industrial machinery and equipment, manufacture of pressure vessels, heat exchangers and plant and metal fabrication.



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3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition represents an attractive investment opportunity which will diversify its revenue streams. The Proposed Acquisition is in line with the Group's expansion plans into complementary business areas within the marine, offshore and oil & gas industries through strengthening its engineering and manufacturing capabilities.

The Board also believes that this will help the Group strengthen its competitive advantage, value proposition and provide a holistic engineering solution to existing customers, eventually gaining access to new markets, customers and business opportunities.

4. SAILENT TERMS OF THE TERM SHEET

Under the Term Sheet, the aggregate consideration in respect of the Sale Shares is S\$17 million ("**Consideration**") which will be subject to adjustments to be agreed between the Parties. In this regard, a total of S\$1.7 million ("**Deposit**"), which amounts to 10% of the Consideration, has been paid by the Company as at the signing of the Term Sheet in connection with the Proposed Transaction. If the signing of the Definitive Agreement(s) or the completion of the Proposed Acquisition does not occur, the Deposit shall be refunded to the Company as soon as reasonably practicable, and, in any event, within 7 days from the receipt of a written notice from the Company.

If the Proposed Acquisition is undertaken by the Company, the completion of the Proposed Acquisition will be subject to, amongst others, (i) Shareholders' approval of the Proposed Acquisition being obtained at an extraordinary general meeting to be convened, (ii) the due diligence having been completed to Company's satisfaction, and (iii) such other conditions precedent arising out of or in connection with the Company's due diligence findings.

The Definitive Agreement(s) will also contain customary representations, warranties and indemnities which shall be provided by the Seller.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or the controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholdings in the Company.



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6. CAUTIONARY STATEMENT

As mentioned above, the Company and the Seller are in the process of negotiating the terms of the Proposed Acquisition and the Definitive Agreement(s) have not yet been entered into. Save for specific provisions, Shareholders should note that the Term Sheet is non-binding between the Parties and that the terms thereof are subject to further negotiations and changes. Accordingly, there is no certainty or assurance that the Proposed Acquisition will be proceeded with.

The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition, including the entry into the Definitive Agreement(s), in compliance with the Listing Manual.

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ang Yu Seng
Executive Chairman and Chief Executive Officer
31 August 2021