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MEDIA RELEASE

Union Steel continues to diversify through acquisitions; makes maiden foray into offshore & marine industry

18 May 2016 – SGX-ST Mainboard listed **Union Steel Holdings Limited**, 友联钢铁控股有限公司 (“Union Steel” or “the Group”), one of the largest metal recycling companies in Singapore, announced that it had entered into a sale and purchase agreement on 18 May 2016 to acquire a group of three companies - Transvictory Holdings Pte. Ltd., Transvictory Winch System Pte. Ltd. and Steadfast Offshore & Marine Pte. Ltd. (“Transvictory”) for a purchase consideration of S\$15 million. Upon completion of the acquisition, Transvictory would contribute an additional S\$15 million to the Group’s net asset value.

Transvictory provides products and engineering services to the offshore & marine industry, mainly involving winches, crane, and deck equipment. Although it incurred a net loss in the year-to-date, Transvictory has been able to maintain significant order flow and visibility, in part due to the regular maintenance and replacement cycle of its products which provides stability in spite of the challenging industry conditions. The Group sees a good opportunity to expand its footprint to the offshore & marine industry by tapping on the strength of Transvictory’s existing customer networks and relationships, as well as operational synergies that could be harnessed between Transvictory and the Group.

The acquisition will be funded by a combination of internal resources and bank borrowings. As at 31 March 2016, Union Steel had cash and cash equivalents of S\$28.3 million, and a net gearing level of 18.6%.

“The Group is taking a positive step to extend our operations to the offshore & marine industry, to further diversify our position in view of the sombre situation in the steel market. Although Transvictory deals with the oil and gas sector which is also going through tough times, this has also resulted in a fairer valuation of their assets, which presents a compelling value proposition as they have a strong balance sheet. We see the potential for a recovery of their earnings when the oil and gas market stabilises.”

- **Mr. Ang Yu Seng (洪友成), Executive Chairman and Chief Executive Officer**

About Union Steel Holdings Limited (www.unionsteel.com.sg)

Founded in 1984, Union Steel Holdings Limited ("Union Steel" or the Group) started operations as YLS Steel Pte Ltd which was involved in the trading of ferrous and non-ferrous scrap metal. Today, the Group consists of six subsidiary companies engaged in (i) recycling of ferrous and non-ferrous scrap metal; (ii) trading of steel products and non-ferrous metal products; (iii) rental of sheet piles, test piles and beams; (iv) leasing of industrial properties; (v) provision of scaffolding services and related consultancy services; and (vi) civil construction and engineering, and the manufacture of motor vehicle bodies, trailers and semi-trailers.

With almost 30 years of experience, Union Steel has established itself as a leading player in the metals and scrap industry in Singapore. The Group operates one-stop supply centres for the collection and recycling of ferrous and non-ferrous scrap metals and the trading of steel and non-ferrous metal products. The Group delivers high quality products and reliable customer service to a global network that spans over hundreds of suppliers and customers, in countries such as India, Bangladesh, Indonesia, Korea, Malaysia, Singapore, Japan, and China. The Group continuously seeks to grow its business by widening its global network of supply sources and customers, and expanding its range of products and services. The Group further seeks potential acquisitions and joint venture opportunities for strategic expansion.

Union Steel Holdings Limited was listed on the SGX-ST Mainboard on 15 August 2005.

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