



UNION STEEL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 200410181W)

LAPSE OF THE TWO SALE AND PURCHASE AGREEMENTS DATED 29 OCTOBER 2015 AND THE ASSET SALE AGREEMENT DATED 29 OCTOBER 2015 IN RELATION TO THE PROPOSED ACQUISITION OF (I) TWO PARCELS OF LAND AND (II) A SCRAP METAL SHREDDER PLANT IN MALAYSIA

1 INTRODUCTION

The Board of Directors (the “**Board**”) of Union Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 29 October 2015 relating to the proposed acquisition by its wholly-owned subsidiary, Union CHH Sdn Bhd (the “**Purchaser**” or “**Union CHH**”), of two parcels of land and all buildings situated thereon in Johor Bahru, Malaysia (the “**Land**”) and of a scrap metal shredder plant (“**Scrap Metal Shredder Plant**”) currently located on the parcels of Land from Chye Hup Heng Sdn Bhd (in liquidation) (“**CHH**” or the “**Vendor**”) (the “**Proposed Acquisition**”).

2 LAPSE OF THE SALE AND PURCHASE AGREEMENTS AND THE ASSET SALE AGREEMENT

2.1 The Purchaser and the Vendor had entered into two separate sale and purchase agreements (the “**SPAs**”) and one asset sale agreement (the “**ASA**”) (collectively, the “**Agreements**”) in respect of the Proposed Acquisition dated 29 October 2015. The Board wishes to announce that Union CHH will not be proceeding with the Proposed Acquisition for the following reasons:

- (i) The conditions precedent for the SPAs in relation to the procurement of the relevant state approval have not been satisfied within the conditional period as set out in the SPAs; and
- (ii) The condition precedent for the ASA in relation to the procurement of disposal consent has not been satisfied by the operative date as set out in the ASA.

2.2 As the conditions precedent were not satisfied during the requisite period, Union CHH, through its lawyers, Cheang & Ariff in Malaysia, had on 7 January 2016, written to the Vendor's lawyers notifying them of the lapse of the Agreements and seeking a refund of the deposit and all other monies paid.

2.3 The Vendor's lawyers, Lee Hishammuddin Allen & Gledhill, have responded by way of letter dated 14 January 2016 disputing Union CHH's position. Union CHH is seeking further legal advice.

BY ORDER OF THE BOARD

Ang Yu Seng
Executive Chairman and Chief Executive Officer
22 January 2016