



*(Incorporated in the Republic of Singapore)
(Company Registration No. 200410181W)
(the "Company")*

**GRANT AND EXERCISE OF OPTION TO PURCHASE THE PROPERTY AT 9 PIONEER WALK
SINGAPORE 627752**

1. INTRODUCTION

The board of directors ("**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, Transvictry Holdings Pte Ltd (the "**Purchaser**"), was granted by Leong Jin Corporation Pte Ltd (the "**Vendor**") an option to purchase dated 14 August 2023 (the "**Option**") in respect of the balance of the 30-year leasehold interest commencing from 1 April 2006 between the Vendor and the Jurong Town Council ("**JTC**") for 9 Pioneer Walk Singapore 627752 together with the buildings and structures erected (the "**Property**"), and the Purchaser has, on 8 September 2023, exercised the Option in accordance with the terms of the Option ("**Proposed Acquisition**").

The exercise of the Option by the Purchaser constitutes a binding contract for the sale and purchase of the Property at the Consideration (as defined below) (the "**Agreement**").

2. INFORMATION RELATING TO THE PROPERTY AND THE VENDOR

The Property is a leasehold property with an initial leasehold interest for a term of 30 years commencing from 1 April 2006, together with a covenant by the JTC for the grant of a further term of 30 years commencing from 1 April 2036 on the terms and conditions set out in the JTC lease. It comprises a single-storey factory block, a 2-storey building and a 3-storey ancillary office factory block erected on Lot 4109P of Mukim 6 located at 9 Pioneer Walk Singapore 627752. It has a land area of 5,604.40 square metres.

The Vendor is a company incorporated in Singapore and is in the business of wholesale trade and marketing of various kinds of special steel & machinery, as well as heat treatment for metals. None of the Vendor or its directors or shareholders is related to the Company, the Directors and controlling shareholders of the Company, or their respective associates.

3. PRINCIPAL TERMS OF THE OPTION

3.1. Consideration

Pursuant to the terms and conditions of the Option, the consideration for the Proposed Acquisition is S\$13,800,000.00 (excluding the prevailing goods and services tax) (the "**Consideration**") which shall be satisfied by the Purchaser in the following manner:

- a. The amount of S\$138,000.00, being 1% of the Consideration (the "**Option Money**"), which has been paid to the Vendor on 14 August 2023 upon issuance of the Option;



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- b. The amount of S\$552,000.00, being 4% of the Consideration (which together with the Option Money shall constitute the “**Deposit**”) which has been paid to the Vendor’s Solicitors upon exercise of the Option on 8 September 2023 and is held by the Vendor’s Solicitors as stakeholding monies pending Completion (as defined below); and
- c. The balance purchase price of S\$13,110,000.00 which shall be payable to the Vendor on Completion (as defined below).

The Company has appointed GB Global Pte Ltd as the independent property valuer to conduct a valuation of the Property (the “**Valuer**”), and a valuation report dated 4 September 2023 (the “**Valuation Report**”) was issued by the Valuer. The Consideration was arrived at pursuant to arm’s length negotiations, on a willing-buyer, willing-seller basis, and was based, *inter alia*, on the Valuation Report indicating that the market value of the Property is S\$16,000,000.00, and on various commercial factors such as the location of the Property, the property market in the vicinity and prevailing market conditions, factors and indicatives. The acquisition of Property will be funded through a combination of internal resources and bank borrowings.

3.2. Conditional Acquisition

Completion is subject to and conditional upon, *inter alia*, the following conditions precedent:

- a. Approval being granted by JTC for the Vendor to sell and the Purchaser to purchase the Property and to the change of use of the Property to “modification, repair, maintenance, servicing, installation, testing & commissioning and storage of winches, hydraulic power unit and electronic and electrical engineering work” (the “**JTC Approvals**”);
- b. Written confirmations from JTC that:
 - i. JTC has no objection to the execution of the Instrument of Transfer from the Vendor to the Purchaser in respect of the Property; and
 - ii. There are no outstanding sums owing by the Vendor to JTC and there are no pending actions by JTC to re-enter the said Property,(or such other confirmation of similar nature) (the “**JTC Confirmations**”) being obtained by Completion (as defined below);
- c. The Purchaser obtaining the approval of its shareholders to the Purchaser entering into the Agreement and to the purchase of the Property by the Purchaser from the Vendor by the date falling sixteen (16) weeks from the exercise of the Option; and
- d. The Purchaser’s solicitors having received satisfactory replies to the usual legal requisitions sent to the various relevant government departments.



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Under the terms of the Option:

- a. in the event that the JTC's Approvals are not obtained within thirty (30) weeks from the date of exercise of the Option (or such later date as may be agreed between the Vendor and the Purchaser), or if any of the JTC Approvals is refused, then the Agreement shall cease and determine, and the following conditions shall apply:
 - i. if the inability to obtain the JTC Approvals is attributable to the action or omission or any default on the Purchaser's part, the Deposit paid by the Purchaser shall be forfeited and belong to the Vendor, and neither party shall have any further claims or demands against the other; and
 - ii. if the inability to obtain the JTC Approvals is due to reasons which are entirely beyond the control of the Purchaser and the Purchaser is unable to do anything whatsoever to either re-submit the application to JTC or to appeal to JTC for reconsideration, and/or due to JTC and/or relevant authorities imposing any term or condition which has to be performed by the Vendor and the Vendor is unable to perform the same due to reasons beyond its control, the Deposit paid by the Purchaser shall be refunded to the Purchaser without any interest or deduction, and neither party shall have any further claims or demands against the other;
- b. if any replies to the requisitions received by the Purchaser from the relevant government authorities in respect of the Property are unsatisfactory, the Purchaser shall be entitled to rescind and cancel the Agreement by written notice to the Vendor no later than fourteen (14) days after receipt of such reply, and the Vendor shall refund to the Purchaser the Deposit (without interests, compensation or deductions whatsoever) and thereafter neither party shall have any claim(s) against the other for damages, costs, compensation or otherwise.

3.3. Completion

Subject to the satisfaction of the conditions in the OTP, completion of the sale and purchase of the Property (the "**Completion**") is expected to take place on or within:

- a. sixteen (16) weeks from the date of exercise of the Option;
- b. six (6) weeks from the date of the JTC Approvals (or in the event that the JTC Approvals are given subject to conditions, then the date of the JTC Approvals shall be the date on which JTC confirms that such conditions have been fulfilled); or
- c. four (4) weeks from the date of JTC's written approvals to the environmental baseline study and decontamination requirements, if any,

whichever is the latest.

The Property is sold with vacant possession to be delivered on Completion.



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4. RATIONALE FOR THE PROPOSED ACQUISITION

As the lease for the Purchaser’s existing factory located at 20 Third Chin Bee Road Singapore 618693 is expiring soon, the Purchaser intends to acquire a new factory facility that is in alignment with its strategy for long-term sustainability and operational stability. The purchase of the Property fulfils this objective as the Property offers an advantageous leasehold period in aggregate of around 42 years.

The Property will also serve as a centralized location to allow the Purchaser and its subsidiaries (the “**Transvictory Group**”) which currently have operations housed in various premises, to consolidate their operations. Such centralisation will streamline operations and enhance efficiencies amongst the Transvictory Group entities. At the same time, overall costs can be reduced as the consolidation of operations will eliminate the need for rental payments currently incurred by the Purchaser’s subsidiaries, contributing to long-term cost savings.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1. Relative Figures

Based on the consolidated financial statements of the Group for the period ended 30 June 2022 (being the latest announced consolidated accounts of the Group as at the date of this announcement), the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the SGX-ST Listing Manual (the “**Listing Rules**”) are set out in the table below.

Rule	Base	Relative Figure (%) ¹
1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable ²
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not applicable ³
1006(c)	The aggregate value of the Consideration given or received, compared with the issuer’s market capitalisation ⁴ based on the total number of issued shares excluding treasury shares.	38.51%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁵
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves.	Not applicable ⁶



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Notes

- ¹ Percentage figures are rounded to the nearest two (2) decimal places.
- ² Not applicable, as the Proposed Acquisition is in relation to the acquisition (and not a disposal) of assets.
- ³ No profits will be generated from the Property as the Company intends to utilise it for its own use.
- ⁴ The Consideration of the Property is S\$13,800,000. “**Market capitalisation**” is calculated multiplying the number of ordinary shares in the capital of the Company (excluding treasury shares) by the volume weighted average market price of S\$0.91 per share as at 7 September 2023, being the market day immediately preceding the date of the exercise of the Option on which shares were last traded on the SGX-ST.
- ⁵ Not applicable, as equity securities are not issued by the Company as consideration for the Proposed Acquisition.
- ⁶ Not applicable, as the Company is not a mineral, oil and gas company.

5.2. Shareholders’ approval required

As the relative figure set out under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Acquisition constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Rules. Accordingly, the approval of shareholders of the Company at an extraordinary general meeting (“**EGM**”) is required in respect of the Proposed Acquisition. A circular setting out the relevant information on the Proposed Acquisition, together with a notice of the EGM to be convened, will be despatched to the shareholders in due course.

6. **FINANCIAL EFFECTS OF THE ACQUISITION**

6.1. Illustrative Nature of Financial Effects

The financial effects of the Proposed Acquisition on the Group below are prepared purely for illustrative purposes, and do not reflect the actual future financial performance or position of the Group after Completion. The financial effects of the Proposed Acquisition on the net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) of the Company have been computed based on the Group’s audited financial statements for the financial year ended 30 June 2022.



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6.2. NTA per share

Assuming that the Proposed Acquisition had been completed on 30 June 2022 (being the end of the most recently completed financial year ended 30 June 2022), the effects on the NTA per share of the Company would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$)	59,595,000	59,545,000
Number of ordinary shares	39,378,100	39,378,100
NTA per ordinary share (cents)	151.34	151.21

6.3. EPS

Assuming that the Proposed Acquisition had been completed on 1 July 2021 (being the beginning of the most recently completed financial year ended 30 June 2022), the effects of the Proposed Acquisition on the EPS of the Company would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to the shareholders (S\$)	7,074,000	6,264,000
Weighted average no. of ordinary shares – Basic	39,378,100	39,378,100
EPS (cents) - Basic	17.96	15.91

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholdings in the Company.



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8. SERVICE CONTRACT

No person is proposed to be appointed to the Board in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENT AVAILABLE FOR INSPECTION

The Option and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at 33 Pioneer Road North, Singapore 628474 for three (3) months from the date of this announcement.

10. FUTURE ANNOUNCEMENTS

The Company will make further announcements in relation to the Proposed Acquisition as and when there are material developments.

11. 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 completion of the Proposed Acquisition is subject to 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

8 September 2023