



UNISTEEL TECHNOLOGY LIMITED
(Registration No. 198803350D)

SALE AND PURCHASE AGREEMENT FOR THE ACQUISITION OF THE ASSETS AND BUSINESS OF TPK PRECISION ENGINEERING PTE LTD (THE "ACQUISITION")

Introduction

The Board of Directors of Unisteel Technology Limited (the "Company") wishes to announce that the Company's wholly-owned subsidiary, J.C. Metal Pte Ltd ("J.C. Metal") has acquired the assets and business of TPK Precision Engineering Pte Ltd ("TPK") on 16 October 2007.

Rule 1006 of the SGX-ST Listing Manual

The relative figures pursuant to Rule 1006, using the audited accounts of the Company and its subsidiaries (the "Group") as at 31 December 2006, are:

- | | | |
|-----|---|----------------|
| (a) | net asset value of the assets to be disposed of compared to group's net asset value. This is not applicable to an acquisition of assets | Not applicable |
| (b) | net profits attributable to TPK* is S\$5.0 million compared with the Group's net profits of S\$61.3 million for FY2006** | 8.10% |
| (c) | aggregate value of the consideration given or received, compared with the Company's market capitalization on 15 October 2007*** of S\$801.1 million | 1.56% |
| (d) | 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 |

* *Based on the audited financial statements of FY2006 of TPK. This is for presentation purposes only.*

** *Assuming the Acquisition was completed on 1 January 2006.*

*** *The Market Day preceding the date of execution of the Agreement.*

Based on the relative figures set out above, the Acquisition would constitute a discloseable transaction under Rule 1010 of the Listing Manual.

Information to be announced under Rules 1010

(1) Particulars of the assets acquired

JC Metal acquired the asset and business from TPK.

TPK was established in 1985 and houses its operations in a 112,000 sq ft facility in Singapore. TPK obtained its ISO 9001:2000 and ISO 14001:2004 accreditations in 2002 and has maintained its accreditation since.

(2) A description of the trade carried on

TPK is in the business of machining of precision metal parts mainly for the hard disk drive industries. One of its main customers includes JC Metal.

(3) The aggregate value of the consideration, including factors taken into consideration in arriving at the value of the consideration

The total consideration for the Acquisition is \$12,473,678.00 in cash.

The total consideration was arrived on a willing buyer willing seller basis.

(4) Any material conditions, including put and call options

Not applicable

(5) The value of the assets being acquired

Based on the management accounts of TPK of September 2007, the value of the assets being acquired is S\$10.97 million.

(6) Method of financing

The acquisition is funded through bank borrowings.

(7) The net profits attributable to the assets being acquired

Based on the audited financial statement of FY2006, the net profit attributable to TPK is S\$4.07 million.

(8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year

The net tangible assets per share of the Group as at 31 December 2006 is as follows:

| | ←---Company-----> | | ←-----Group-----> | |
|------------------------------|-------------------|-----------------------|-------------------|-----------------------|
| | FY2006 | After the Acquisition | FY2006 | After the Acquisition |
| NTA per share (cents) | 27.14 | 27.14 | 44.57 | 44.10 |

NOTES:

- i) The above impacts are computed under the assumption that the Acquisition was done on the last day of FY2006.
- ii) NTA is computed based on audited financial statements of FY2006 of TPK. This is for presentation purposes only.

(9) The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year

The financial effect of the Acquisition on the earnings per share of the Group for FY2006 is as follows:

| | ←---Company-----> | | ←-----Group-----> | |
|-----------------------------------|-------------------|-----------------------|-------------------|-----------------------|
| | FY2006 | After the Acquisition | FY2006 | After the Acquisition |
| Earnings per share (cents) | 8.44 | 8.44 | 15.82 | 17.09 |

NOTES:

- i) Earnings per share is computed based on the weighted average number of shares of the Company in issue.
- ii) Assuming the Acquisition was completed on 1 January 2006.
- iii) Earnings are computed based on audited financial statements of FY2006 of TPK. This is for presentation purposes only.

(10) The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction

The Directors of the Company view the Acquisition as a strategic expansion opportunity that is intended to further strengthen the Company's capabilities and know-how, and achieve synergies arising from complementary in-house capabilities and greater economies of scale. The Acquisition is intended to result in enhanced earnings for the Group as it would be acquiring the business as a going concern in succession to TPK.

- (11) ***Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests***

None of the Directors or controlling shareholders has any interest, direct or indirect, in the transaction.

- (12) ***Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction***

Nil

Documents for Inspection

The Agreement dated 16 October 2007 is available for inspection during normal business hours at No 33, Loyang Crescent, Loyang Industrial Estate, Singapore 509014 for three (3) months from the date hereof.

By Order of the Board

Toh Bee Yong
Executive Chairman
16 October 2007