

Latch Holding (Labuan) Limited

(Incorporated in Labuan)
(Registration Number: LL06526)

Unisteel Technology Limited

(Incorporated in Singapore)
(Registration Number: 198803350D)

JOINT ANNOUNCEMENT

PROPOSED ACQUISITION OF UNISTEEL TECHNOLOGY LIMITED

BY WAY OF A SCHEME OF ARRANGEMENT

1. Introduction

The respective directors of Unisteel Technology Limited (“**Unisteel**”) and Latch Holding (Labuan) Limited (the “**Acquiror**”) are pleased to announce the proposed acquisition (the “**Acquisition**”) of Unisteel by the Acquiror, a special purpose company incorporated under the laws of Labuan, Malaysia, which is an indirect wholly-owned subsidiary of KKR Asian Fund, L.P. (“**KKR Asian Fund**”), a fund affiliated with and advised by Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”). The Acquisition will be effected by the shareholders of Unisteel (the “**Unisteel Shareholders**”) by way of a scheme of arrangement (the “**Scheme**”) under Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”).

2. Information on the Parties

2.1 Unisteel

Unisteel was incorporated on 17 September 1988 and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 24 February 2000. Unisteel is a leading precision engineering solutions provider with multi-disciplinary competencies in the areas of fastening systems, stamped, cold forged and machined metal components, plastics optics and surface treatment technology. Unisteel serves a diverse range of customers in the hard disk drive, mobile telecommunications, consumer electronics, industrial and automotive sectors.

The countries where Unisteel, its subsidiaries and associated companies (collectively, the “**Unisteel Group**” and each, a “**Unisteel Group Company**”) have manufacturing facilities include Singapore, Malaysia and the People’s Republic of China.

The directors of Unisteel are (a) Toh Bee Yong, Bernard (Executive Chairman), (b) Poh Seng Poo, George (Managing Director), (c) Chee Teck Lee (Executive Director), (d) Lt. General (Ret) Ng Jui Ping (Independent Director), (e) Lee Joo Hai (Independent Director) and (f) Teo Kiang Kok (Independent Director).

Unisteel’s market capitalisation as of the close of market trading on 2 June 2008, being the last full trading day preceding the date of this Joint Announcement (the “**Announcement Date**”), was approximately S\$656 million.

As at the Announcement Date, Unisteel has an issued share capital of 402,791,410 shares (“**Unisteel Shares**”), of which 214,000 Unisteel Shares are held as treasury shares.

2.2 KKR and the Acquiror

KKR is one of the world's largest private equity firms established in the United States of America in 1976 and is a leading technology sector investor globally.

For the purpose of the Acquisition, the Acquiror, a special purpose company, has been incorporated in Labuan, Malaysia as a wholly-owned subsidiary of Latch Holding (Cayman) III Limited ("**Holdco III**"), a Cayman Islands company, which is wholly-owned by Latch Holding (Cayman) II Limited ("**Holdco II**"), a Cayman Islands company, which is wholly-owned by Latch Holding (Cayman) I Limited ("**Holdco I**"), a Cayman Islands company, which is a wholly-owned by the KKR Asian Fund as at the Announcement Date.

It is currently expected that on or prior to the completion of the Acquisition, Holdco I will be directly owned by the KKR Asian Fund and the KKR 2006 Fund (Overseas), Limited Partnership (the "**KKR 2006 Fund**") in the proportion of 85 per cent. and 15 per cent., respectively, resulting in the Acquiror, Holdco II and Holdco III being indirectly owned by the KKR Asian Fund and the KKR 2006 Fund (collectively, the "**KKR Funds**") in the same proportion. The KKR Funds are investment funds affiliated with and advised by KKR.

The current members of the board of directors of the Acquiror are William J. Janetschek, Jr. and Terence P. Gallagher, who are employees of KKR.

3. The Scheme

3.1 Implementation Agreement

Unisteel and the Acquiror (each, a "**Party**" and collectively, the "**Parties**") have today entered into an Implementation Agreement (the "**Implementation Agreement**") to implement the Scheme. The Acquisition will be effected by way of a scheme of arrangement under the Companies Act and in accordance with the Singapore Code on Take-Overs and Mergers (the "**Code**").

3.2 The Acquisition

Under the Scheme:

- (a) all the issued Unisteel Shares held by the Unisteel Shareholders as at a books closure date to be announced will be transferred to the Acquiror, (i) fully paid, (ii) free from all charges, mortgages, liens, hypothecations, hire purchases, judgements, encumbrances, easements, securities, title retentions, preferential rights, trust arrangements or any other security interests and (iii) together with all rights, benefits and entitlements attaching thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) announced, declared, made or paid by Unisteel on or after the Announcement Date; and
- (b) in consideration for such transfer, each of the Unisteel Shareholders will be entitled to receive S\$1.95 in cash for each Unisteel Share (the "**Scheme Consideration**").

Further information on the terms and conditions upon which the Scheme will be implemented by Unisteel and the Acquiror will be set out in the document to be issued by Unisteel to the Unisteel Shareholders containing, *inter alia*, details of the Scheme (the “**Scheme Document**”).

The Scheme will also be extended to all new Unisteel Shares issued pursuant to the valid exercise of options (the “**Options**”) granted under the Unisteel Employees’ Share Options Scheme (the “**Share Option Scheme**”) prior to the date and time (the “**Voting Record Time**”) of the meeting of the Unisteel Shareholders to be convened by the High Court of Singapore (the “**Court**”) to approve the Scheme and any adjournment thereof (the “**Court Meeting**”).

Upon completion of the Scheme, Unisteel will become a direct or an indirect, as the case may be, wholly-owned subsidiary of the Acquiror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

4. The Options Proposal

4.1 Share Option Scheme

As at the Announcement Date, there are outstanding Options to subscribe for 3,557,016 Unisteel Shares granted pursuant to the Share Option Scheme.

4.2 Options Proposal

Under the Rules of the Share Option Scheme, the Options are not transferable by the holders thereof (“**Optionholders**”). In view of this restriction, the Scheme will not be extended to Optionholders. Instead, the Acquiror will make a proposal (the “**Options Proposal**”) to the Optionholders that subject to:

- (a) the Scheme becoming effective and binding; and
- (b) the relevant Options continuing, as at the date on which the Scheme becomes effective in accordance with its terms (the “**Effective Date**”), to be exercisable into new Unisteel Shares,

the Acquiror will pay such Optionholders a cash amount for each Option (as determined below) (the “**Option Consideration**”), in consideration of such holders agreeing:

- (i) not to exercise any of such Options into new Unisteel Shares; and
- (ii) not to exercise any of their other rights as Optionholders,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options.

The Option Consideration will be computed on a “see-through” basis. In other words, the Option Consideration in relation to any Unisteel Share under an Option is equal to the Scheme Consideration minus the exercise price of that Unisteel Share under the Option. Where the exercise price of an Option is equal to or in excess of the Scheme Consideration, the Option Consideration for each Option will be fixed at S\$0.001.

4.3 Scheme and Options Proposal Mutually Exclusive

The Scheme and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Scheme, and *vice versa*. If an Optionholder wishes to exercise his Options in order to participate in the Scheme in

respect of the new Unisteel Shares to be issued pursuant to such exercise, he may not accept the Options Proposal in respect of such Options. Conversely, if an Optionholder wishes to accept the Options Proposal in respect of his Options, he may not exercise those Options in order to participate in the Scheme in respect of the new Unisteel Shares to be issued pursuant to such exercise. The Options Proposal will be conditional upon the Scheme becoming effective and binding. However, the Scheme will not be conditional upon acceptances received in relation to the Options Proposal.

4.4 Options Exercise Restrictions

Unisteel has agreed, pursuant to the terms of the Implementation Agreement, to procure that the remuneration committee of the board of directors of Unisteel (the “**Remuneration Committee**”) takes all such steps as are permitted under the rules of the Share Option Scheme to exercise its discretion not to permit the exercise of any Options from the date falling 10 market days prior to the Voting Record Time up to the respective dates of expiry of the Options (the “**Relevant Period**”) and takes all such steps as may be necessary to give effect to the Options Proposal.

Certain Optionholders (the “**Undertaking Optionholders**”) have given irrevocable undertakings to the Acquiror (the “**Optionholder Irrevocable Undertakings**”) to consent in writing to the modification of the rules of the Share Option Scheme to grant the Remuneration Committee the discretion, in connection with the Scheme, not to permit the exercise of any Options during the Relevant Period, subject to the making of the Options Proposal by the Acquiror and the Options Proposal being in force and complied with by the Acquiror at all material times.

As at the Announcement Date, the Undertaking Optionholders hold Options representing in aggregate 1,970,000 Unisteel Shares which would fall to be allotted and issued upon exercise in full of all outstanding Options. As at the Announcement Date, Options to subscribe for 3,557,016 new Unisteel Shares remain unexercised. A list of the Undertaking Optionholders is set out in **Schedule 3** to this Joint Announcement.

Each of the Optionholder Irrevocable Undertakings will terminate on the earlier of the Effective Date or the date on which the Implementation Agreement is terminated.

5. Management Equity Arrangements

Both Unisteel and the Acquiror intend and desire that there is continuity of management and minimal interruption of Unisteel’s business. As such, the Acquiror intends to introduce the following incentives (the “**Management Equity Arrangements**”) post-Acquisition to encourage members of the management team of the Unisteel Group (the “**Management Personnel**”) to continue to render their services to the Unisteel Group:

- (a) the availability of an opportunity (but not the obligation) to subscribe for or purchase new or existing shares in the capital of Holdco II (“**Holdco II Shares**”), up to a maximum number of Holdco II Shares determined by Holdco II or Holdco I (as the case may be); and
- (b) the opportunity to participate in a performance share plan to be established by the board of directors of Holdco II, under which the eligible personnel will have the opportunity to increase their equity percentage participation upon meeting certain performance targets.

The Management Equity Arrangements have not been finalised as at the Announcement Date and are subject to further discussions between the Acquiror, Holdco II, Holdco I and the Management Personnel.

Management Personnel who decide after the completion of the Acquisition to accept the Management Equity Arrangements will have to bear the risks associated with the business and financial performance of the Unisteel Group going forward and will have to accept the restricted rights of minority shareholders in a privately-held company incorporated in the Cayman Islands.

6. Rationale for the Acquisition

KKR has a proven history of creating long-term partnerships with strong management teams to invest in companies which have the potential to become industry leaders, with the right enabling factors and resources. Unisteel has both a capable existing management team and an exceptional platform from which to become a global leader. Given KKR's vast experience in investing in the technology sector, including the acquisition in July 2007 of MMI Holdings Limited, a leading Singapore-based supplier of components to the data storage industry, KKR is uniquely positioned to work with Unisteel's existing management team to identify, develop and execute the appropriate transformation strategies to achieve a different growth trajectory with KKR's enabling resources.

The Scheme also provides an opportunity for Unisteel Shareholders to realise their investment in their Unisteel Shares.

7. Analysis of the Scheme Consideration

The Scheme Consideration for each Unisteel Share is S\$1.95 in cash.

The implied premium / (discount) of the Scheme Consideration compared to the share prices of Unisteel is as follows:

	Unisteel Share Price (S\$)	Scheme Consideration (S\$)	Premium / (Discount) to Unisteel Share Price	
			(S\$)	(%)
6-month VWAP⁽¹⁾ to 15 April 2008⁽²⁾	1.533	1.950	0.417	27.2
3-month VWAP to 15 April 2008⁽²⁾	1.333	1.950	0.617	46.3
1-month VWAP to 15 April 2008⁽²⁾	1.374	1.950	0.576	42.0
Closing price on 15 April 2008⁽²⁾	1.640	1.950	0.310	18.9
Closing price on 14 April 2008⁽³⁾	1.400	1.950	0.550	39.3

	Unisteel Share Price (S\$)	Scheme Consideration (S\$)	Premium / (Discount) to Unisteel Share Price	
			(S\$)	(%)
Closing price on 2 June 2008⁽⁴⁾	1.630	1.950	0.320	19.6

Notes:

- (1) Volume weighted average price (“VWAP”).
- (2) Being the day prior to Unisteel’s response to the query by the SGX-ST and announcement on 16 April 2008 that they were reviewing strategic options available to Unisteel.
- (3) Being the day prior to the query by the SGX-ST to Unisteel regarding a substantial increase in the price of Unisteel Shares on 15 April 2008.
- (4) Being the last full trading day prior to the Announcement Date.

The Price-to-Net Tangible Assets (“P/NTA”) and Price-to-Earnings (“P/E”) multiples implied by the Scheme Consideration are as follows:

P/NTA

	Scheme Consideration (S\$)	NTA per Unisteel Share⁽¹⁾ (S\$)	Implied P/NTA ratio (times)
Scheme Consideration	1.950	0.335	5.8

P/E

	Scheme Consideration (S\$)	Unisteel’s EPS⁽²⁾ (S\$)	Implied P/E ratio (times)
Scheme Consideration	1.950	0.110	17.7

Notes:

- (1) Unisteel’s net tangible assets (“NTA”) per share is calculated based on Unisteel’s unaudited consolidated NTA of S\$135 million as at 31 March 2008 and 402,577,410 Unisteel Shares excluding treasury shares as at 31 March 2008.
- (2) Unisteel’s earnings per share (“EPS”) is calculated based on Unisteel’s unaudited consolidated net profit attributable to Unisteel Shareholders of S\$44 million for 12 months period ended 31 March 2008 and 402,577,410 Unisteel Shares excluding treasury shares as at 31 March 2008.

8. Scheme Conditions

The Scheme is conditional upon the satisfaction of a number of conditions (the “Scheme Conditions”) which is set out in **Schedule 1** to this Joint Announcement.

9. Termination

9.1 Termination Events

The Implementation Agreement may, *inter alia*, be terminated by either Unisteel or the Acquiror (each, a “**Party**”) at any time prior to the Effective Date on the following grounds (each, a “**Termination Right**”):

- (a) **Mutual Consent:** with the Parties’ written consents;
- (b) **Court Order or Notice:** if any court of competent jurisdiction has issued an order, decree or ruling or taken any other action or any part thereof permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (c) **Breach:** if there has been a breach by either Party of its obligations under the Implementation Agreement and such breach is material in the context of the Scheme, by the Party not in default and having the benefit of such obligations, after prior consultation with the Securities Industry Council (the “**SIC**”), by 14 days’ written notice to the other Party; or
- (d) **Unisteel’s Shareholders’ Approvals:** if the resolutions submitted to the Court Meeting are not approved (without amendment) by the requisite majority.

9.2 Non-fulfilment of Scheme Conditions

If any of the Scheme Conditions are not satisfied (or, if applicable, waived) or if the Scheme has not become effective on or before 5.00 p.m. on 17 November 2008, either Party may immediately terminate the Implementation Agreement by notice in writing to the other Party.

- (a) **Acquiror’s Benefit:** The Acquiror alone may waive the Scheme Conditions in Paragraph (b)(i) (except that Paragraph (b)(i) shall not be waived to the extent that such waiver imposes personal liability on the directors of the Unisteel Group resulting in imprisonment) and Paragraphs (b)(ii), (g), (j) to (o). Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Acquiror. The Acquiror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (b) **Unisteel’s Benefit:** Unisteel alone may waive the Scheme Condition in Paragraph (i). Any breach or non-fulfilment of the Scheme Condition may be relied upon only by Unisteel. Unisteel may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.
- (c) **Mutual Benefit:** The Acquiror and Unisteel together may jointly waive the Scheme Conditions in Paragraphs (f) (to the extent legally permissible) and (h) (but only to the extent both Parties are not in default, otherwise, the Scheme Condition in Paragraph (h) shall be for the benefit of the Party not in default).

- (d) **Other Conditions:** For the avoidance of doubt, the Parties agree that, the Scheme Conditions in Paragraphs (a), (c), (d) and (e) are not capable of being waived by either Party or both Parties.

9.3 Consultation with the SIC

Any Party seeking to terminate the Implementation Agreement by exercising the Termination Right or invoking the non-fulfilment of the Scheme Conditions in Paragraphs (a), (b) and (f) to (o) to terminate the Implementation Agreement, must first consult with the SIC and obtain the SIC's approval of, or a statement that the SIC has no objections to, such termination.

9.4 Effect of Termination

In the event of termination of the Implementation Agreement by either Unisteel or the Acquiror pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and there shall be no other liability on the part of either Party except that in the case of a breach or failure to comply by Unisteel of Clauses 6.2(b) to 6.2(h) of the Implementation Agreement (collectively known as the "**Specific Obligations of Unisteel**"), the Acquiror shall, in addition to the right to terminate the Implementation Agreement and without prejudice to its other rights and remedies under the Implementation Agreement, be entitled to recover from Unisteel and Unisteel shall fully compensate the Acquiror (or its designee) for the costs and expenses incurred by or on behalf of the Acquiror (including without limitation, the fees and disbursements of counsel, auditors and advisers engaged by or on behalf of the Acquiror in connection with the Acquisition), subject to a maximum amount of S\$7,866,605 (the "**Fee**"), provided that Unisteel shall not be required to pay the Fee or any part thereof if such payment would not be in compliance with any requirements that may be prescribed by the SIC in relation to the Fee (other than those requirements prescribed on or in relation to Unisteel or its board of directors).

The Specific Obligations of Unisteel include, *inter alia*, the following:

- (a) the release of this Joint Announcement with the Acquiror, on the date the Implementation Agreement is executed;
- (b) the preparation and despatch of the Scheme Document in compliance with all the applicable laws and regulations;
- (c) subject to obtaining the approval of the SGX-ST, the application to the Court for order(s) convening the Court Meeting and the convening of the Court Meeting; and
- (d) following the grant of the court order by the Court sanctioning the Scheme, as soon as practicable, delivering the same to the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") for registration.

10. Switch Option and Matching Right

10.1 Switch Option

Pursuant to the terms of the Implementation Agreement, in the event a competing offer for the shares or the businesses, assets and/or undertakings of any Unisteel Group Company is made (“**Competing Offer**”) or an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Acquiror shall have the right at its discretion to elect to proceed by way of a voluntary conditional cash offer (the “**Offer**”), in lieu of proceeding with the Acquisition by way of the Scheme (the “**Switch Option**”).

In such event, the Acquiror will make the Offer on the same or better terms as those which apply to the Scheme, including the same or a higher consideration than the Scheme Consideration, and an acceptance condition set at only more than 50 per cent. of the shares to which the Offer relates and not conditional on a higher level of acceptances.

If the Acquiror exercises the Switch Option, the Implementation Agreement shall terminate with effect from the date of announcement of the Offer save for certain surviving provisions.

10.2 Matching Right

Further, pursuant to the terms of the Implementation Agreement, Unisteel has agreed to use its best endeavours to procure that the directors of Unisteel who are considered independent for the purposes of the Scheme (the “**Independent Directors**”) will recommend to the Unisteel Shareholders to vote in favour of the Scheme at the Court Meeting, subject to the fiduciary obligations of the Independent Directors. In the event the Independent Directors in the exercise of their fiduciary obligations decide to recommend or announce their intention to recommend a Competing Offer, Unisteel will promptly (and in any event, prior to the recommendation of, or announcement of intention to recommend, the Competing Offer) notify Acquiror in writing of the same, and give Acquiror the right at its discretion (for a period of not less than ten business days from the date of such notification) to match the Competing Offer.

11. Irrevocable Undertakings

11.1 Undertaking Shareholders

Certain Unisteel Shareholders who are also Management Personnel (the “**Undertaking Shareholders**”) have each given an irrevocable undertaking to the Acquiror (collectively known as the “**Irrevocable Undertakings**”) to, *inter alia*, (a) vote, or procure the voting of, all their respective Unisteel Shares in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at the Court Meeting and (b) not accept any Competing Offer for the Unisteel Shares and vote against and reject any Competing Offer.

The Undertaking Shareholders have further, in their respective capacity as Unisteel Shareholders, agreed to be bound by certain non-solicitation and no-talk restrictions during the term of the Irrevocable Undertakings.

If the Acquiror exercises the Switch Option, the Undertaking Shareholders will, pursuant to the Irrevocable Undertakings, undertake to accept or procure the acceptance of the Offer in respect of all the Unisteel Shares held by them, and their obligations under the Irrevocable Undertakings will apply *mutatis mutandis* to the Offer.

As at the Announcement Date, the Undertaking Shareholders hold 82,706,778 Unisteel Shares in the aggregate, representing approximately 20.54 per cent. of all the Unisteel Shares (excluding treasury shares). A list of the Undertaking Shareholders is set out in **Schedule 4** to this Joint Announcement.

11.2 Termination

Each of the Irrevocable Undertakings will terminate on the earliest of:

- (i) if the Implementation Agreement is not terminated, the Effective Date; or
- (ii) if the Implementation Agreement is terminated the earliest of:
 - (I) the date on which the Implementation Agreement is terminated, if the Switch Option is not exercised by the Acquiror;
 - (II) the date the Offer lapses or is withdrawn without having become unconditional in all respects, if the Switch Option is exercised by the Acquiror; or
 - (III) the final closing date of the Offer, if the Switch Option is exercised by the Acquiror.

11.3 No other Irrevocable Undertakings

Save for the Irrevocable Undertakings, neither the Acquiror nor any party acting in concert with it has received any other irrevocable undertakings from any other party to vote in favour of the Scheme as at the Announcement Date.

12. Approvals Required

The Scheme will require, *inter alia*, the following approvals:

- (a) the approval of the Scheme by a majority in number of, and representing not less than 75 per cent. in value of the Unisteel Shares held by, Unisteel Shareholders present and voting either in person or by proxy at the Court Meeting; and
- (b) the sanction of the Scheme by the Court.

In addition, the Scheme will only come into effect if all the Scheme Conditions specified in the Implementation Agreement have been satisfied or waived in accordance with the Implementation Agreement and a copy of the order of the Court has been lodged with ACRA.

In relation to the Code, the SIC has confirmed that the Scheme is exempted from Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code, subject to the following conditions:

- (i) the common substantial shareholders of the Acquiror and Unisteel abstain from voting on the Scheme;
- (ii) the Acquiror and its concert parties abstain from voting on the Scheme;
- (iii) the directors of Unisteel who are also directors of the Acquiror abstain from making a recommendation on the Scheme to the Unisteel Shareholders;
- (iv) Unisteel appoints an independent financial adviser to advise the Shareholders on the Scheme;
- (v) the Scheme Document containing advice to the effect that by voting for the Scheme, the Unisteel Shareholders are agreeing to the Acquiror and its concert parties acquiring or consolidating effective control on Unisteel without having to make a general offer; and
- (vi) the Scheme Document discloses the names of the Acquiror and its concert parties, their current voting rights in Unisteel as of the latest practicable date in relation to the Scheme Document and their voting rights in Unisteel after the Scheme.

13. Confirmation of Financial Resources

Morgan Stanley Asia (Singapore) Pte (“**Morgan Stanley**”) being a joint financial advisor to the Acquiror in connection with the Acquisition and the Scheme, confirms that sufficient financial resources are available to the Acquiror to satisfy in full the aggregate Scheme Consideration payable by it for all the Unisteel Shares to be acquired by it pursuant to the Scheme and to satisfy full acceptance of the Options Proposal.

14. Financial Advisers to Unisteel and the Acquiror

14.1 Financial Adviser to Unisteel

Macquarie Capital (Singapore) Pte. Limited is the financial adviser to Unisteel in respect of the Acquisition.

14.2 Financial Advisers to the Acquiror

Morgan Stanley and Deutsche Bank AG, Singapore Branch (the “**Acquiror’s Financial Advisers**”) are the joint financial advisers to the Acquiror in connection with the Acquisition and the Scheme.

14.3 Independent Financial Adviser to Independent Directors

The Independent Directors will be appointing an independent financial adviser (the “**IFA**”) to advise them for the purpose of making a recommendation to Unisteel Shareholders in connection with the Scheme. Full details of the Scheme including the recommendation of the Independent Directors along with the IFA (the “**IFA Letter**”) will be included in the Scheme Document.

15. Scheme Document

The Scheme Document containing full details of the Scheme (including the recommendation of the Independent Directors along with the IFA Letter) and giving notice of the Court Meeting to approve the Scheme will be dispatched to Unisteel Shareholders in due course.

Unisteel Shareholders are advised to refrain from taking any action in relation to their Unisteel Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Independent Directors on the Scheme as well as the advice of the IFA set out in the Scheme Document.

Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

16. Other Information

16.1 Disclosures of interest

Unisteel

Save as disclosed in this Joint Announcement, no director or substantial shareholder of Unisteel has any interest in the Scheme (other than by reason only of being a director or shareholder of Unisteel). As disclosed in this Joint Announcement, the Undertaking Shareholders have given Irrevocable Undertakings and the Undertaking Optionholders have given the Optionholders Irrevocable Undertakings.

Acquiror

None of the KKR Entities, the directors of the KKR Entities and the Acquiror's Financial Advisers (a) owns, controls or has agreed to acquire any Unisteel Shares as at the Announcement Date, (b) has dealt for value in any Unisteel Shares during the three-month period immediately preceding the Announcement Date, or (c) has, as at the Announcement Date, received any irrevocable undertaking from any party (other than the Undertaking Shareholders) to vote in favour of the Scheme at the Court Meeting.

The KKR Entities are (i) the Acquiror, (ii) Holdco III, (iii) Holdco II, (iv) Holdco I, (v) the KKR Funds, (vi) funds (other than the KKR Funds) (the "**Other KKR Funds**") affiliated with and advised by KKR (or the investment advisers and investment managers of the Other KKR Funds), (vii) the general partners of the KKR Funds and the Other KKR Funds (the "**Relevant KKR Funds**"), (viii) the investment advisers to the Relevant KKR Funds and (ix) the investment managers of the Relevant KKR Funds.

Confidentiality

In the interests of confidentiality, the Acquiror has not made enquiries in respect of other parties who are acting in concert with it in connection with the Scheme. Similarly, in the interests of confidentiality, each of the Acquiror's Financial Advisers, has not made any enquiries in respect of other members of its group. Further

enquiries will be made of such persons and the relevant disclosures will be made in due course subsequently and in the Scheme Document.

16.2 Directors' Service Contracts

As at the Announcement Date, there is no service contract with any director or any person proposed to be appointed as a director of Unisteel and/or the Acquiror in connection with the Scheme.

16.3 Half Year Unaudited Financial Results

Unisteel is expected to release its unaudited financial results for the half year ending 30 June 2008 by mid-August 2008. Shareholders are advised to exercise caution when trading in the Unisteel Shares, pending release of the unaudited half-year financial results.

16.4 Overseas Shareholders

The applicability of the Scheme to persons not resident in Singapore may be affected by the laws of the relevant jurisdiction. Unisteel Shareholders who are not resident in Singapore should keep themselves informed of, and observe, any applicable restrictions or prohibitions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

16.5 Documents for Inspection

Copies of the Implementation Agreement and the Irrevocable Undertakings and the Optionholder Irrevocable Undertakings will be made available for inspection during normal business hours at the registered office of Unisteel from the Announcement Date up until the Effective Date.

17. Responsibility Statements

17.1 Unisteel

The directors of Unisteel (including those who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement are fair and accurate and no material facts have been omitted from this Joint Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources, the sole responsibility of the directors of Unisteel has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources, or as the case may be, reflected or reproduced in this Joint Announcement. The directors of Unisteel do not accept any responsibility for any information relating to or opinions expressed by any of the KKR Entities.

17.2 Acquiror

The directors of the Acquiror (including those who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement are fair and accurate and no material facts have been omitted from this Joint Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly

available sources, the sole responsibility of the directors of the Acquiror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Joint Announcement. The directors of the Acquiror do not accept any responsibility for any information relating to or opinions expressed by Unisteel.

7 June 2008

By Order of the Board

By Order of the Board

Unisteel Technology Limited

Latch Holding (Labuan) Limited

Any inquiries relating to this Joint Announcement, the Acquisition or the Scheme should be directed to one of the following:

Unisteel Technology Limited

Latch Holding (Labuan) Limited

Macquarie Capital (Singapore) Pte. Limited
23 Church Street
#11-11 Capital Square
Singapore 049481
Tel: +65 6231 1175
Fax: +65 6536 7002

Gavin Anderson & Company
1902-04, 19/F, Kinwick Centre
32 Hollywood Road
Central, Hong Kong
Tel: +852 2218 9952
Fax: +852 2810 1239
Attention: Joshua Goldman-Brown

SCHEDULE 1

CONDITIONS PRECEDENT

All capitalised terms used and not defined in this Joint Announcement shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Unisteel during normal business hours until the Effective Date.

Scheme Conditions. The Acquisition is conditional upon the following:

- (a) **Regulatory Approvals:** prior to the first application to the Court for the order to convene the Court Meeting, the receipt of the following Regulatory Approvals and such approvals not being revoked or withdrawn (if applicable) on or before the Relevant Date:
- (i) confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code do not apply to the Scheme;
 - (ii) approval-in-principle of the SGX-ST of the Scheme, the Scheme Document and for the proposed delisting of Unisteel from the SGX-ST; and
 - (iii) confirmation from the SIC that (a) the proposed management incentive plan for certain key management of Unisteel who are Unisteel Shareholders would not be regarded as a special deal under the Code and (b) each of such key management of Unisteel who are Unisteel Shareholders and each of the Management Executives and the Optionholders (who are also Unisteel Shareholders) giving the Irrevocable Undertakings would not be prevented from voting their Unisteel Shares at the Court Meeting;
- (b) **Authorisations:** in addition to the approvals aforementioned in Paragraph (a) above:
- (i) in relation to Unisteel (and in addition to the approval referred to in Paragraph (c)), all other authorisations, consents, clearances, permissions and approvals as are necessary or required by Unisteel under any and all applicable laws from all relevant Government Agencies, for or in respect of the Acquisition or the implementation of the Scheme being obtained; and
 - (ii) in relation to Acquiror, all authorisations, consents, clearances, permissions and approvals as are necessary or required by Acquiror under any and all applicable laws from all Governmental Agencies, for or in respect of the Acquisition or implementation of the Scheme being obtained,
- and if any such authorisations, consents, clearances, permissions and approvals is subject to any conditions or requires any actions or obligations to be taken or performed, all such actions having been duly taken or performed on or prior to the first application to the Court for the order to convene the Court Meeting;
- (c) **Court Meeting:** the receipt of the approval of the Scheme by the Unisteel Shareholders at the Court Meeting to approve the Scheme in compliance with section 210(3) of the Companies Act;

- (d) **Court Order:** the grant of the Court Order by the Court and such Court Order having become final;
- (e) **Lodgement of the Court Order:** the lodgement of the Court Order with ACRA pursuant to Section 210(5) of the Companies Act;
- (f) **No legal or regulatory restraint:** between the date of the Implementation Agreement and up to the Relevant Date, no injunction or other order being issued by any Governmental Agency or by any court of competent jurisdiction or other legal or regulatory restraint, prohibition or condition preventing the consummation of the Acquisition or the implementation of the Scheme or proposed transactions relating to the Scheme, being in effect;
- (g) **No Prescribed Occurrence:** between the date of this Implementation Agreement and up to the Relevant Date, no Prescribed Occurrence in relation to Unisteel (or, where applicable, any other Unisteel Group Company) or Acquiror, as the case may be, occurring other than as required or contemplated by this Implementation Agreement;
- (h) **No Termination:** the Implementation Agreement not having been terminated pursuant to the Implementation Agreement;
- (i) **Acquiror's Representations, Warranties and Covenants:**
 - (i) the representations and warranties of Acquiror set out in Schedule 1 of the Implementation Agreement shall be true and correct in all material respects in each case as of the date of the Implementation Agreement and as of the Relevant Date (as if they have been given again on and as of that date) except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date); and
 - (ii) Acquiror shall have, as of the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in this Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Relevant Date;
- (j) **Unisteel's Representations, Warranties and Covenants:**
 - (i) the representations and warranties of Unisteel set out in Schedule 2 of the Implementation Agreement that:
 - (I) are qualified as to materiality and the Relevant Warranties shall be true and correct; and
 - (II) are not qualified as to materiality (other than the Relevant Warranties) shall be true and correct in all material respects,

in each case as of the date of the Implementation Agreement and as of the Relevant Date (as if they have been given again on and as of that date) except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date); and
 - (ii) Unisteel shall have, as of the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Relevant Date;

- (k) **Irrevocable Undertakings:** contemporaneous with the execution of the Implementation Agreement, each of the Management Executives and the Relevant Optionholders delivering to Acquiror the relevant Irrevocable Undertakings in the agreed terms;
- (l) **Antitrust:** all waiting periods applicable to the Acquisition under any applicable antitrust or competition law shall have expired or been terminated;
- (m) **Material Adverse Event:** there being no event occurring from the date of this Implementation Agreement which has or have the effect of causing a diminution in the consolidated net tangible asset value of Unisteel Group to an amount below S\$100 million as reflected in the later of (i) the latest publicly released consolidated unaudited financial statement of Unisteel Group immediately prior to the Relevant Date; or (ii) the consolidated unaudited management balance sheet (to be prepared in accordance with the accounting principles, policies, bases, practices and estimation techniques used in preparing the Unisteel March 2008 Unaudited Accounts applied on a consistent basis) as at the calendar month ending at least 15 days immediately prior to the Relevant Date, provided that any diminution or increase in the value of any asset and liability arising from currency translation shall not be taken into account. For the avoidance of doubt, the consolidated net tangible asset value of Unisteel Group shall mean net assets excluding intangible assets, goodwill and minority interests;
- (n) **Major Customers:** between the date of this Implementation Agreement and the Relevant Date, there being no loss of any Major Customer or any written notice given by any Major Customer indicating that it wishes to cease being a customer to the Unisteel Group.

For the purpose of the Implementation Agreement, a "**Major Customer**" refers to a major customer (excluding Avago Technologies Limited) that had contributed 5 per cent. or more to the gross revenue of the Unisteel Group as disclosed and reflected in the Unisteel 2007 Audited Accounts; and

- (o) **Consent and Waiver:** the written consent and waiver (in the agreed form) in relation to the Acquisition or the implementation of the Scheme having been obtained by Unisteel from the relevant counterparty in relation to an agreement, and such agreement continuing in force and not terminating as a consequence of the Acquisition or the implementation of the Scheme, and if any such consent and waiver is subject to any conditions, all such conditions being reasonably acceptable to Acquiror.

SCHEDULE 2

PRESCRIBED OCCURRENCE

All capitalised terms used and not defined in this Joint Announcement shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of Unisteel during normal business hours until the Effective Date.

For the purpose of the Implementation Agreement, “**Prescribed Occurrences**” in relation to Acquiror, Unisteel and/or any other Unisteel Group Company, as the case may be, means any of the following:

- (1) **Conversion of Shares:** Unisteel converting all or any of its shares into a larger or smaller number of shares;
- (2) **Share Buy-back:** Unisteel entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
- (3) **Reduction of Share Capital:** Unisteel resolving to reduce its share capital in any way;
- (4) **Allotment of Shares:** Unisteel making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security, or any other Unisteel Group Company doing any of the foregoing with respect to its own securities, other than in the case of Unisteel, an issue of Unisteel Shares prior to the date falling 10 Market Days prior the Voting Record Time pursuant to the valid exercise of an existing Option in accordance with the terms of Unisteel’s Employees’ Share Option Scheme;
- (5) **Sale or Transfer of Unisteel Treasury Shares:** Unisteel selling, transferring or otherwise disposing of all or any of the Unisteel Treasury Shares to a person (other than Acquiror);
- (6) **Issuance of Debt Securities:** Unisteel (or any other Unisteel Group Company), issuing, or agreeing to issue, convertible notes or other debt securities;
- (7) **Dividends:** Unisteel declaring, making or paying any dividends or any other form of distribution to its shareholders;
- (8) **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by either Acquiror or Unisteel;
- (9) **Resolution for Winding Up:** Unisteel (or any other Unisteel Group Company) or Acquiror resolving that it be wound up;
- (10) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of Unisteel (or of any other Unisteel Group Company) or Acquiror;

- (11) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of Unisteel (or of any other Unisteel Group Company) or Acquiror;
- (12) **Composition:** Unisteel (or any other Unisteel Group Company) or Acquiror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (13) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of Unisteel (or of any other Unisteel Group Company) or Acquiror;
- (14) **Insolvency:** Unisteel (or any other Unisteel Group Company) or Acquiror becoming or being deemed by law or a court to be insolvent or stops or suspends or threatens to stop or suspend payment of its debts;
- (15) **Cessation of Business:** Unisteel (or any other Unisteel Group Company) or Acquiror ceases or threatens to cease for any reason to carry on business in the usual course;
- (16) **Breach of the Implementation Agreement:** Unisteel or Acquiror being in material breach of any of the provisions of the Implementation Agreement;
- (17) **Investigations and Proceedings:** if Unisteel (or any other Unisteel Group Company) or Acquiror or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
- (18) **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

SCHEDULE 3

UNDERTAKING OPTIONHOLDERS

Name	Number of Unisteel Shares under Options	Percentage of all Unisteel Shares under Options
Poh Seng Poo, George	1,257,500	35.35%
Chee Teck Lee	512,500	14.40%
Pamela Ng Boon Kien	200,000	5.62%

SCHEDULE 4

UNDERTAKING SHAREHOLDERS

Name	Number of Unisteel Shares Held by Undertaking Shareholders	Percentage of all the Unisteel Shares (excluding treasury shares)
Toh Bee Yong, Bernard	73,482,421	18.25%
Poh Seng Poo, George	3,318,671	0.82%
Chee Teck Lee	4,756,078	1.18%
Pamela Ng Boon Kien	1,149,608	0.29%