

Union Steel Holdings Limited
(Company Registration Number: 200410181W)
(Incorporated in the Republic of Singapore on 12 August 2004)

PRESS RELEASE

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UNION STEEL HOLDINGS LIMITED REPORTS 20.6% INCREASE IN REVENUE TO S\$136 MILLION FOR FY 2006

- **Higher revenue due to rise in recycled ferrous and non ferrous metal prices and strong demand for steel products.**
- **Net profit of S\$6.3 million for FY 2006**
- **Return on equity at a robust 15.3%**

Singapore, 11 August 2006 - Mainboard-listed Union Steel Holdings Limited ("Union Steel" or the "Group"), an integrated metal recycling company and one of the largest metal recyclers in Singapore in terms of volume of metals recycled, today reported a 20.6% increase in revenue to S\$136 million for the full year ended June 30th, 2006 ("FY06").

The higher revenue was mainly due to the rise in ferrous and non-ferrous metal prices and the strong demand for steel products. This situation was reflected in the second half of FY06 when revenue rose 61.54% to S\$84 million when compared to the first half of FY06. .

Net profit of S\$6.3 million was 34% lower when compared to that of FY05. This was due to greater competition in the collection of scrap, resulting in higher purchase price for scrap metals. The company achieved a robust return on equity of 15.3% in FY06.

The company's Chief Executive Officer, Mr Ang Yu Seng said, "We have emerged from a challenging first half of FY06 with stronger results and higher gains in revenue. Although our gross margins have been affected by higher purchase price and cost of operation, we have managed to ride out the pressure by shifting our focus to local and neighbouring markets that have a lower distribution cost. This strategy has served us well, and we have seen growth in key regional markets such as the PRC, Singapore and Bangladesh.

"Our recycling core business makes up 83% of our revenue for the current financial year. Going forward, we expect to continue to see healthy demand

growth for recycled ferrous and non-ferrous metals driven by strong global consumption for metal products and the increasing global environmental awareness. Not only will we be strengthening our position as a regional metal recycling player, we will also help in our own ways to enhance the environmental standards in Singapore. “

Our net asset value (NAV) per ordinary share rises from 9.53 cents to 11.92 cents in FY06.

The Group is proposing a gross dividend of 0.65 cents per share for the financial year FY06.

About Union Steel

Union Steel has been recycling metals since 1984. The Company, which is listed on the mainboard of the SGX, now stands at the forefront of metal recycling which it believes has limitless potential as the world increasingly recognises the need to conserve Mother Earth's diminishing natural resources

Last year, Union Steel recycles approximately 120,000 tonnes of scrap metals at its recycling plants, making the Company one of the largest metal recyclers in Singapore in terms of volume of metals recycled.

The Company offers a one-stop integrated and competitive service for its customers' recycled metals needs and it now serves a wide customer base of over 500 customers, spanning across countries such as the PRC, India, Indonesia, Japan, Malaysia and Singapore.

For more information on Union Steel, please visit its website at:

<http://www.unionsteel.com.sg>

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For and on behalf of Union Steel Holdings Limited

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