



UNION STEEL HOLDINGS LIMITED

友联钢铁控股有限公司

Union Steel Holdings Limited

(Company Registration Number: 200410181W)

(Incorporated in the Republic of Singapore)

MEMORANDUM OF UNDERSTANDING

The Board of Directors of Union Steel Holdings Limited ("the Company") is pleased to announce that the Company has entered into a Memorandum of Understanding (the "MOU") with Changzhou Zenith Steel Co Ltd (China) ("Zenith Steel") on 7 February 2007.

The purpose of the MOU is to form a strategic partnership between the Company and Zenith Steel whereby Zenith Steel will grant the Company the rights to distribute their products in Indonesia, Singapore, Malaysia and Vietnam and the Company has the rights to appoint their own distributors.

The Company and Zenith Steel will cooperate to build raw material purchasing channels with the Company providing Zenith Steel cost-effective trading services.

The Company will assist Zenith Steel in establishing a company in Singapore within the next 1 to 2 years.

BY ORDER OF THE BOARD

ANG YU SENG

CEO/EXECUTIVE DIRECTOR