



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 on 12 August 2004)

PRESS RELEASE

UNION STEEL HOLDINGS LIMITED SIGNS MEMORANDUM OF UNDERSTANDING (MOU) WITH CHANGZHOU ZENITH STEEL CO LTD IN CHINA

- **Union Steel will distribute Zenith's steel products in Indonesia, Singapore, Malaysia and Vietnam**
- **Union Steel will also provide Zenith sourcing and trading services for iron ore and coke**

Singapore, February 7, 2007 - 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 announced that it has signed a Memorandum of Understanding (MOU) with Changzhou Zenith Steel Co Ltd (Zenith) in China.

Zenith is a major iron and steel group in the Changjiang River Delta Region. It produces a wide range of products, which include Wire Rods, Debars in Wire and billets.

Under the MOU, Union Steel will have rights to distribute Zenith's products in Singapore, Indonesia, Malaysia and Vietnam. Union Steel will also have the rights to appoint sub-distributors to distribute Zenith's products via its marketing channels.

Union Steel will also provide services in sourcing and trading of coke and iron ore for Zenith – which requires approximately 4 million tons of iron ore in 2007. Both Union Steel and Zenith will work towards setting up a Singapore office for further cooperation.

Mr Ang Yu Seng, Union Steel's CEO, said: "We are pleased to sign this MOU with Zenith which is a major iron and steel mill in China. This MOU will be synergistic and strategic for our business. Given the strong demand for resource such as iron and steel worldwide, we believe that the growth prospects for us are bright."

Union Steel has recently signed a conditional agreement to acquire JP Nelson Group, which provides leasing, sales and services of equipment for engineering, construction, oil & gas, shipyard/shipbuilding and offshore industries.

Union Steel in the past three months had also secured investment from key investors including Mr Sam Goi who believed that recycling companies such as Union Steel are well-poised for exponential growth because of the increasing awareness and commitment given by businesses and governments in the region to recycling and clean environmental practices.

About Changzhou Zenith Steel Co Ltd

Founded in 2001, Zenith is located in the Changjiang River Delta Region – about 150 kilometers away from the Shanghai Airport and Nanjing Airport respectively. The company has a total asset of RMB 9 Billion and has more than 5,000 staff. About 50% of its employees are technical specialists in various fields. In 2005, the Group's output and sales value exceeded more than RMB10.8 Billion respectively.

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 recycled 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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