

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

PRESS RELEASE

UNION STEEL'S FY07 REVENUE LEAPS 148% TO S\$337.9 MILLION AND NET PROFIT ROSE 27% TO S\$8.05 MILLION DRIVEN BY PROPERTY AND CONSTRUCTION BOOM ACROSS ASIA

- **Earnings per share grew to 2.32 cents**
- **Group's net asset value rose from 11.92 cents to 13.60 cents per share**
- **Group proposed an interim dividend of S\$0.01 per share for FY08**

Singapore, 21 August 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, posted revenue growth of 148% to reach S\$337.9 million for the full year ended 30 June 2007 ("FY07"), riding on the back of Asia's property and construction boom.

Net profit rose 27% from S\$6.33 million to S\$8.05 million in FY07. The Group's earnings per share rose from 1.86 cents to 2.32 cents.

The Group's robust performance was fuelled by continued growth in demand for recycled non-ferrous metals led by steady growth in Asian economies. This is expected to continue as there is a growing need for recycled metals owing to the higher demand for metals spurred by increased construction and infrastructural activities in the region.

Higher demand for metal worldwide and intensified competition for scrap metals drove international scrap metal prices up. This led to an increase in cost of sales, and a decline in gross margins from 13% to 6% in FY07.

The Group's financial position remained strong. As at 30 June 2007, the Group's cash and cash equivalents stood at S\$20.2 million.

The company's Chief Executive Officer, Mr Ang Yu Seng said, "We are delighted to report strong revenue growth across all our business segments, for non-ferrous metals and steel products. However, there is intense competition for scrap metal globally driving up costs. Despite this, we achieved an improved net profit of S\$8.05 million. The continued property and construction growth across Asia, especially in China and India, bodes well for our business, and we will strive to find greater opportunities and synergies to explore in other areas such as infrastructure and offshore and marine sectors."

Union Steel had recently entered into a conditional sale and purchase agreement to acquire JP Nelson Holdings Pte Ltd, a market leader in providing leasing, sales and services of equipment for engineering, construction, oil & gas, shipyard/shipbuilding and offshore industries. The proposed acquisition is pending regulatory and shareholder approval.

Mr Ang added, "Going forward, Union Steel will seek to strengthen its market position in Asia, by seeking new partnerships or M&A activities that are synergistic with our core business. Our outlook remains positive, and we expect to remain profitable in the coming year."

The Group's net asset value (NAV) per ordinary share also rose from 11.92 cents to 13.60 cents as at 30 June 2007.

In line with its efforts to improve shareholder value, the Group is proposing an interim dividend of S\$0.01 per share for FY08. This represents a payout of 43% of the Group's net earnings for the year.

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.

In FY2007, Union Steel recycled approximately 130,000 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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