

UNION STEEL HOLDINGS LIMITED
Company Registration Number: 200410181W

PROPOSED ACQUISITION (THE “PROPOSED ACQUISITION”) OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF JP NELSON HOLDINGS PTE LTD, PT JP NELSON EQUIPMENT, JP NELSON EQUIPMENT PTE LTD, JP NELSON OFFSHORE SERVICES PTE LTD (COLLECTIVELY THE “NELSON GROUP”)

Further to the Company’s announcement on 22 January 2007, the Board of Directors wishes to announce that the Company and the vendors of the entire issued and paid-up share capital of the Nelson Group (the “**Vendors**”) have on 27 October 2007 executed an agreement to terminate the Proposed Acquisition.

The termination of the Proposed Acquisition was mutually agreed between the parties. The Company having considered the business plans of the Vendors for the Nelson Group believes that it would be in the best interests of the Company to disengage from the Proposed Acquisition to permit both groups to separately pursue their respective future business plans.

The termination of the Proposed Acquisition is not expected to have a material effect on the Company’s financial results for the financial year ending 30 June 2008.

By Order of the Board

Ang Yu Seng
Chairman and Chief Executive Officer
31 October 2007