



HUPSteel Limited

DISPOSAL OF PROPERTY AT 359 JALAN BESAR SINGAPORE 208992

The Board of Directors of Hupsteel Limited (the “**Company**”), and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has sold the property at 359 Jalan Besar Singapore 208992 (the “**Property**”) at a cash consideration of \$5.23 million plus GST.

Consideration

The Property was sold through public auction, taking into account the latest open market value of \$4.4 million based on professional valuation by CKS Property Consultants Pte Ltd using Market Comparison method on 23 May 2017.

A copy of the valuation report is available for inspection during normal business hours at the Company’s registered office at 116 Neythal Road Singapore 628603 for 3 months from the date of this announcement.

Rationale for the Sale

The property does not form an integral part of the Group’s trading operations, occupancy rate and rental yield from this property has also been below expectation. It hopes not to commit more resources to enhance its rental attractiveness on top of meeting more stringent conservation requirements imposed on the property. The management wishes to focus on its mainstream trading operations amidst challenging market conditions. Hence, the Group believes that the value from this property can be released by selling it above its market valuation via public auction. The Board of Directors believes the proceeds from the sale of the property can be deployed to better use.

Uses of Proceeds

Pending the deployment of funds, the net proceeds may be used to repay existing bank borrowings, deposited with banks and financial institutions and used as working capital.

Financial Effects of the Sale

Based on the audited financial statements of the Group for the financial year ended 30 June 2016, the aggregate book value of the Property is approximately \$650,000. The consideration of \$5.23 million is higher than the book value of the Property by \$4.58 million. The estimated gains attributable to the disposal of the Property is approximately \$4.58 million before accounting for professional fees and expenses.

The financial effects of the sale on the NTA and EPS of the Group are as follows:

	<u>Before Sale of Property</u>	<u>Effect of Sale of Property</u>
Net tangible assets value per share (assuming the Proposed Disposal was effected at the end of the financial year ended 30 June 2016) (in cents)	134.51 cents	138.22 cents
Earnings after tax per share (assuming the Proposed Disposal was effected at the beginning of the financial year ended 30 June 2016) (in cents)	(15.48 cents)	(11.77 cents)

Relative Figures

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST in respect of the Sale are as follows:-

Clause 1006 (a)	The net asset value of the Property to be disposed of is 0.39% of the Group's net asset value as at 30 June 2016 based on the audited financial statements for the year ended 30 June 2016.
Clause 1006 (b)	The estimated gain from the disposal of the property is -23.98% when compared to net loss of \$19.1 million recorded for financial year ended 30 June 2016.
Clause 1006 (c)	The sale price compared to the Company's market capitalization is approximately 5.30% based on the Company's market capitalization of S\$ \$98.6 million as at 28 June 2017.
Clause 1006 (d)	N.A.

Pursuant to Clause 1007, the Group will be seeking guidance from the Stock Exchange since the relative computation in Clause 1006 (b) returned a negative figure.

Conditions Precedent

None.

Directors' and Controlling Shareholders' Interests

As far as the Directors are aware, none of the Directors, substantial shareholder or Controlling Shareholders (as defined in the Listing Manual of the SGX-ST) of the Company has any interest, direct or indirect, in the Sale.

By Order of the Board

Lim Boh Chuan
Chief Executive Officer
Dated : 29 June 2017