APPENDIX DATED 7 OCTOBER 2016

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the contents of this Appendix or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser immediately.

If you have sold or transferred all your shares in HUPSteel Limited (the "**Company**"), you should immediately forward this Appendix to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



HUPSTEEL LIMITED

(Company Registration No. 197301452D)
(Incorporated in the Republic of Singapore)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 7 OCTOBER 2016

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	20 October 2016 at 11.00 a.m.
Date and time of Annual General Meeting	:	22 October 2016 at 11.00 a.m.
Place of Annual General Meeting	:	116 Neythal Road Singapore 628603

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DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:–

"2015 EGM"	:	Has the meaning ascribed to it in Section 2.1.
"2016 AGM"	:	The annual general meeting of the Company to be held on 22 October 2016 at 11.00 a.m. at 116 Neythal Road, Singapore 628603.
"Appendix"	:	This appendix to the Notice of AGM.
"Approval Date"	:	Has the meaning ascribed to it in Section 2.3(a).
"Associate"	:	(a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means: (i) his Immediate Family; (ii) the trustee of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his Immediate Family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
"Board"	:	The board of Directors of the Company as at the Latest Practicable Date.
"CDP"	:	The Central Depository (Pte) Limited.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Company"	:	HUPSteel Limited.
"Constitution"	:	The constitution of the Company, as amended and modified from time to time.

"Controlling Shareholder"	:	A person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury Shares) in the Company (unless the SGX-ST determines otherwise); or (b) a person who in fact exercises control over the Company, as defined under the Listing Manual.
"Directors"	:	The directors of the Company as at the Latest Practicable Date.
"FY"	:	Financial year ended, or as the case may be, ending 30 June.
"Group"	:	The Company and its subsidiaries.
"Immediate Family"	:	A person's spouse, child, adopted child, step-child, sibling and parent, or such other definition as the SGX-ST may from time to time require.
"Latest Practicable Date"	:	13 September 2016, being the latest practicable date prior to the printing of this Appendix.
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time.
"LPS"	:	Loss per Share.
"Market Day"	:	A day on which the SGX-ST is open for securities trading.
"Market Purchase"	:	Has the meaning ascribed to it in Section 2.3(c)(i).
"Maximum Price"	:	Has the meaning ascribed to it in Section 2.3(d).
"Notice of AGM"	:	The notice of the 2016 AGM dated 7 October 2016.
"NTA"	:	Net tangible assets.
"Off-Market Purchase"	:	Has the meaning ascribed to it in Section 2.3(c)(ii).
"Ordinary Resolution"	:	The ordinary resolution as set out in the Notice of AGM.
"Proposed Share Buy-back Mandate"	:	Proposed renewal of the Share Buy-back Mandate which will expire at the 2016 AGM.
"Proxy Form"	:	The proxy form in respect of the 2016 AGM.
"Registrar"	:	Registrar of Companies.
"Rule 14"	:	Rule 14 of the Take-over Code.

"Securities Account"	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited.
"Share Buy-back"	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate.
"Share Buy-back Mandate"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Appendix as well as the provisions and rules and regulations set forth in the Companies Act and Listing Manual respectively.
"Shareholders"	:	Persons (other than CDP) who are for the time being registered as holders of Shares in the Register of Members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register.
"Shares"	:	Ordinary shares in the capital of the Company.
"*Take-over Code*"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time.
"S$" or *"cents"*	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore.
"%" or *"per cent"*	:	Per centum or percentage.

In this Appendix:–

(i) The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meaning ascribed to them respectively in Section 130A of the Companies Act.

(ii) The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

(iii) Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

(iv) References to persons shall include corporations.

(v) The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

(vi) Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Appendix shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

(vii) Any reference to a time of a day in this Appendix shall be a reference to Singapore time unless otherwise stated.

(viii) Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof are due to rounding.

HUPSTEEL LIMITED

(Company Registration No. 197301452D)
(Incorporated in the Republic of Singapore)

Directors

Ong Kian Min (Non-executive Chairman, Independent Director)
Lim Boh Chuan (Managing Director and Co-Chief Executive Officer)
Lim Kim Thor (Managing Director and Co-Chief Executive Officer)
Lim Beo Peng (Deputy Managing Director)
Lim Eng Chong (Non-executive Director)
Lim Puay Koon (Non-executive Director)
Chan Kam Loon, Philip (Independent Director)
Lim Chee San (Independent Director)

Registered Office

116 Neythal Road
Singapore 628603

7 October 2016

LETTER TO SHAREHOLDERS

To: The Shareholders of HUPSteel Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The Directors refer to the Notice of AGM which has been announced on the same date as the date of this Appendix in relation to the 2016 AGM to be held on 22 October 2016.

The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek the Shareholders' approval at the 2016 AGM for the proposed renewal of the Share Buy-back Mandate ("**Proposed Share Buy-back Mandate**").

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made in this Appendix.

2. PROPOSED SHARE BUY-BACK MANDATE

2.1 Background

The Company had at a previous extraordinary general meeting held on 29 October 2015 (the "**2015 EGM**") obtained the approval of the Shareholders for the general mandate to authorise the Directors to purchase or otherwise acquire its issued ordinary shares in the capital of the Company ("**Share Buy-back Mandate**"). The authority conferred by such mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the 2016 AGM of the Company to be held on 22 October 2016.

The Company is therefore seeking Shareholders' approval for the renewal of the Share Buy-back Mandate.

If approved by the Shareholders at the 2016 AGM, the authority conferred by the Share Buy-back Mandate will continue to be in force until the conclusion of the next annual general meeting of the Company, or the date an annual general meeting is required by law to be held, whichever is earlier, unless revoked or varied by the Shareholders in a general meeting.

2.2 Rationale for Share Buy-back Mandate

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Listing Manual that an issuer which wishes to purchase its own shares has to obtain approval from its shareholders to do so at a general meeting of its shareholders.

The renewal of the Share Buy-back Mandate authorising the Company to purchase or acquire its Shares would give the Company flexibility to undertake the share purchases up to the 10% limit described in Section 2.3(a) below at any time, during the period when the Share Buy-back Mandate is in force.

The Share Buy-back Mandate provides the Company and its Directors with a simple mechanism to facilitate the return of surplus cash over and above its capital requirements in an expedient and cost-effective manner. The Share Buy-back Mandate will also allow the Directors to exercise a certain amount of control over the Company's share capital structure with a view to enhance the earnings per Share of the Company. The Directors are also of the view that the Share Buy-back Mandate will provide them with the means to mitigate short-term volatility in the price of the Shares, offset the effects of short-term speculation and in general bolster the confidence of investors and Shareholders.

The Directors will only purchase or acquire Shares as and when the circumstances permit and provided that it will be beneficial to the Company and Shareholders. No purchase or acquisition will be made in circumstances which would have or may have a material adverse effect on the financial position of the Company.

If and when circumstances permit, the Directors will decide whether to effect the Shares purchase or acquisition via Market Purchase and/or Off-Market Purchase, after taking into account the relevant factors such as the financial resources available, the prevailing market conditions, and the cost and timing involved. Such purchases or acquisitions will only be made when the Directors are of the view that it will benefit the Company and/or its Shareholders.

2.3 Terms of the Share Buy-back Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Buy-back Mandate, if renewed at the 2016 AGM, are substantially the same as previously approved by Shareholders, and are summarised below.

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is the number of Shares representing not more than 10% of the issued Shares of the Company (excluding treasury shares, if applicable), ascertained as at the date of the annual general meeting at which the Share Buy-back Mandate is approved (the "**Approval Date**"), unless the Company has effected a reduction of the share capital in accordance with the applicable provisions under the Companies Act, at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered by the capital reduction (excluding any treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company has 2,646,100 treasury shares.

Purely for illustration purposes, on the basis of 122,828,014 issued and paid-up Shares as at the Latest Practicable Date (excluding treasury shares), and assuming: (a) no further Shares are issued; and (b) no Shares are purchased or acquired by the Company on or prior to the 2016 AGM, not more than 12,282,801 Shares (representing 10% of the total number of Shares as at that date, excluding treasury shares) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

"**Relevant Period**" means the period commencing from the date the last annual general meeting of the Company was held before the resolution for the renewal of the Share Buy-back Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required to be held, whichever is the earlier, after the date the resolution relating to the renewal of the Share Buy-back Mandate is passed.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share Buy-backs have been carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is earlier.

(c) Manner of Share Buy-backs

Purchases or acquisitions of Shares can be effected by the Company by way of:–

(i) on-market purchases ("**Market Purchase**") transacted on SGX-ST through the ready market of the SGX-ST, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(ii) off-market purchases in accordance with an equal access scheme as defined in section 76C of the Companies Act ("**Off-Market Purchase**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-back Mandate, the Listing Manual, the Companies Act, the Constitution and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:–

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same except that there shall be disregarded:–

(A) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

(B) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and

(C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company will issue an offer document to all shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the renewal of the Share Buy-back Mandate;

(iv) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Code or other applicable take-over rules;

(v) whether the purchases or acquisitions of Shares, if made, would affect the listing of the equity securities of the Company on the SGX-ST;

(vi) details of any purchases or acquisitions of Shares by the Company in the previous 12 months (whether Market Purchase or Off-Market Purchase in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

(the "**Maximum Price**") in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:–

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant (5) Market Days; and

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from the Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares

Any Shares purchased or acquired by the Company shall, unless held in treasury in accordance with the Companies Act, be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of a Share, the rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

The Company may decide to cancel Shares which have been purchased or acquired by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so. It is presently intended by the Company that Shares which are purchased or acquired by the Company will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

2.5 Treasury shares

Shares purchased or acquired by the Company may be held or dealt with as treasury shares under the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below:–

(a) Maximum holdings

The aggregate number of Shares held as treasury shares shall not at any time exceed 10% of the total number of issued Shares of the Company.

In the event that the number of treasury shares held by the Company exceed 10% of the total number of issued Shares of the Company, the Company shall dispose of or cancel the excess shares within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies (the "**Registrar**") may allow.

As at the Latest Practicable Date, the number of issued Shares is 122,828,014 (excluding 2,646,100 treasury shares), assuming no further Shares are issued and no Shares are purchased or acquired by the Company on or prior to the 2016 AGM. As such, the Company may pursuant to the purchase or acquisition of shares under the Share Buy-back Mandate, hold up to an additional 9,636,701 Shares as treasury shares.

(b) Voting and other rights

The Company cannot exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company, in respect of the treasury shares. However, the allotment of Shares as fully paid bonus Shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:–

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

2.6 Sources of funds

The Company intends to use internal sources of funds (comprising cash and fixed deposits which would be otherwise available for dividend or distribution) to finance the purchase or acquisition of Shares. The Company does not intend to obtain or incur any borrowings to finance its purchase or acquisition of Shares. The Company will not exercise the Share Buy-back Mandate in full to the extent that its internal sources of funds are not sufficient for this purpose, and the Directors do not propose to exercise the Share Buy-back Mandate in a manner and to such extent that the Group's liquidity and capital adequacy position would be materially affected.

2.7 Financial Impact

(a) It is not possible for the Company to realistically calculate or quantify the impact of purchases of shares that may be made pursuant to the Share Buy-back Mandate on the NTA, LPS and gearing of the Company and the Group as the resultant effect would depend on *inter alia*, whether the aggregate number of Shares purchased or acquired is a Market Purchase or an Off-Market Purchase, whether the Shares are purchased or acquired out of capital and/or profits, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

(b) Purchase or acquisition made out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchases or acquisitions of Shares is made out of capital, such consideration will not affect the amount available for distribution in the form of cash dividends by the Company.

Where the consideration paid by the Company for the purchases or acquisitions of Shares is made out of profits, such consideration (excluding brokerage, commission, goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution in the form of cash dividends by the Company.

(c) Number of Shares purchased or acquired

Purely for illustrative purposes, on the basis of 122,828,014 issued and paid-up Shares as at the Latest Practicable Date (excluding 2,646,100 treasury shares), and assuming no further Shares are issued on or prior to the 2016 AGM, the exercise in full of the Share Buy-back Mandate would result in the purchase or acquisition of 12,282,801 Shares.

(d) Maximum Price paid for Shares purchased or acquired

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 9,636,701 Shares at the Maximum Price of S$0.60 per Share (being the price equivalent to 105% of the Average Closing Price of the Share traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 9,636,701 Shares is approximately S$5,782,000 (excluding brokerage, goods and services tax, stamp duties, clearance fees and other related expenses).

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 9,636,701 Shares at the Maximum Price of S$0.68 per Share (being the price equivalent to 120% of the Average Closing Price of the Share traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 9,636,701 Shares is approximately S$6,553,000 (excluding brokerage, goods and services tax, stamp duties, clearance fees and other related expenses).

(e) Illustrative financial effects

For illustrative purposes only and on the basis of the assumptions set out above in Sections 2.7(c) and 2.7(d) above, as well as the following:–

(i) the Share Buy-back Mandate had been effective on 29 October 2015;

(ii) such Share purchases or acquisitions are funded solely by internal resources and made entirely out of the Company's capital;

the financial effects of the audited financial results of the Company and Group for FY2016 for the following scenarios:–

(i) Market Purchase by the Company entirely out of capital; and

(ii) Off-Market Purchase by the Company entirely out of capital,

are set out in the following pages.

(i) **Market Purchase made entirely out of capital**

	Group (S$'000)			Company (S$'000)		
	Before Share Buy-back	After Share Buy-back		Before Share Buy-back	After Share Buy-back	
	Financial Statement as at 30.06.2016	Held as treasury	Cancelled	Financial Statement as at 30.06.2016	Held as treasury	Cancelled
Issued capital and reserves[(1)]	165,925	165,925	165,925	121,876	121,876	121,876
Treasury shares/cancelled shares	–	(5,782)	(5,782)	–	(5,782)	(5,782)
Total Equity	165,925	160,143	160,143	121,876	116,094	116,094
Net tangible assets	165,925	160,143	160,143	121,876	116,094	116,094
Current assets	97,733	91,951	91,951	41,023	35,241	35,241
Current liabilities	7,817	7,817	7,817	5,499	5,499	5,499
Cash and Cash equivalents	53,614	47,832	47,832	15,821	10,039	10,039
Total number of shares ('000)	123,356	113,191	113,191	123,356	113,191	113,191
Financial Ratios						
Net tangible assets per share (cents)	134.51	141.48	141.48	98.80	102.56	102.56
Earning per share (cents)	(15.48)	(16.87)	(16.87)	(5.18)	(5.64)	(5.64)
Gearing ratio (times)	net cash	net cash	net cash	net cash	net cash	net cash
Current ratio (times)	12.50	11.76	11.76	7.46	6.41	6.41
Return on equity (%)	NM[(2)]	NM[(2)]	NM[(2)]	NM[(2)]	NM[(2)]	NM[(2)]

Notes:–

(1) The issued capital and reserves as at 30 June 2016 shows the issued capital and reserves after the deduction of 2,646,100 treasury shares in the financial year ended 30 June 2016. Please refer to Section 2.11 of this Appendix on the details of the Shares acquired by the Company pursuant to the Share Buy-back Mandate in the previous 12 months before the Latest Practicable Date.

(2) NM: not meaningful.

(ii) **Off-Market Purchase made entirely out of capital**

	Group (S$'000)			Company (S$'000)		
	Before Share Buy-back	After Share Buy-back		Before Share Buy-back	After Share Buy-back	
	Financial Statement as at 30.06.2016	Held as treasury	Cancelled	Financial Statement as at 30.06.2016	Held as treasury	Cancelled
Issued capital and reserves[(1)]	165,925	165,925	165,925	121,876	121,876	121,876
Treasury shares/cancelled shares	–	(6,553)	(6,553)	–	(6,553)	(6,553)
Total Equity	165,925	159,372	159,372	121,876	115,323	115,323
Net tangible assets	165,925	159,372	159,372	121,876	115,323	115,323
Current assets	97,733	91,180	91,180	41,023	34,470	34,470
Current liabilities	7,817	7,817	7,817	5,499	5,499	5,499
Cash and Cash equivalents	53,614	47,061	47,061	15,821	9,268	9,268
Total number of shares ('000)	123,356	122,828	122,828	123,356	113,191	113,191
Financial Ratios						
Net tangible assets per share (cents)	134.51	140.80	140.80	98.80	101.88	101.88
Earning per share (cents)	(15.48)	(16.87)	(16.87)	(5.18)	5.64	5.64
Gearing ratio (times)	net cash	net cash	net cash	net cash	net cash	net cash
Current ratio (times)	12.50	11.66	11.66	7.46	6.27	6.27
Return on equity (%)	NM[(2)]	NM[(2)]	NM[(2)]	NM[(2)]	NM[(2)]	NM[(2)]

Notes:–

(1) The issued capital and reserves as at 30 June 2016 shows the issued capital and reserves after the deduction of 2,646,10 treasury shares in the financial year ended 30 June 2016. Please refer to Section 2.11 of this Appendix on the details of the Shares acquired by the Company pursuant to the Share Buy-back Mandate in the previous 12 months before the Latest Practicable Date.

(2) NM : Not meaningful.

The actual impact will depend on the number and price of Shares purchased or acquired by the Company.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only.

The above illustrations of the financial impact of the Share Buy-back Mandate are based on the audited financial accounts of the Company for FY2016.

Although the Share Buy-back Mandate would authorise the Company to buy back Shares up to 10% of the issued share capital of the Company, the Company may not necessarily buy back or be able to buy back 10% of the issued share capital of the Company in full. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

The Directors do not propose to exercise the Share Buy-back Mandate to an extent that would materially and adversely affect the working capital requirements or the financial condition of the Company. The purchases or acquisitions of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buy-back Mandate will only be exercised in the best interests of the Company, for example, to enhance the earnings per Share and/or the NTA value per Share of the Company.

2.8 Requirements in the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's total number of issued shares as at the date of the Shareholders' resolution approving the purchase of the Shares and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

2.9 Requirements in the Listing Manual

(a) Reporting Requirements

Rule 886 of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:–

(i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, prices paid for the total number of shares purchased, the purchase price per share or the highest and lowest prices per share for the shares purchased and the number of issued shares after purchase, in the form prescribed in Appendix 8.3.1 of the Listing Manual. The

Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

(b) No Purchases During Price Sensitive Developments

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, the Company, in line with the best practices guide on securities dealings issued by the SGX-ST, would not purchase or acquire any shares pursuant to the Share Buy-back Mandate during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year or one month before the announcement of the Company's financial statements for the full financial year, as the case may be, ending on the date of announcement of the relevant results.

The Company's decision to purchase or acquire Shares would only be made with an arrangement that could reasonably be expected to ensure that information that is not generally available would not be communicated or informed to the person within the Company who makes the decision to transact.

At any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate until the price-sensitive information has been publicly announced.

(c) Listing Status of the Shares

A listed company shall ensure that at least 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed at all times held by the public. For this purpose, "**public**" means persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons. The Company will ensure that any Share purchased or acquired by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities).

As at the Latest Practicable Date, approximately 44.78% of the total number of issued Shares are held by the public. In the event that the Company should, pursuant to the Share Buy-back Mandate, purchase or acquire its Shares up to the full 10% limit, about 40.13% of the Shares would continue to be in the hands of the Public. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by the Public Shareholders which would permit the Company to undertake purchases of its Shares up to the full 10% limit pursuant to the renewal of the Share Buy-back Mandate without affecting the listing status of the Shares of the Company on the SGX-ST. The Directors will at all times ensure that when purchasing any Shares pursuant to the Share Buy-back Mandate, at least 10% of its Shares will remain in the hands of the public in accordance with the Listing Manual without:–

(i) affecting the listing status of the Shares on the SGX-ST;

(ii) causing market illiquidity of the Shares; or

(iii) affecting adversely the orderly trading of the Shares.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases or acquisitions by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.11 Share Buy-backs in the previous 12 months

Save as disclosed below, the Company has not purchased any Shares pursuant to the Share Buy-back Mandate granted at the 2015 EGM in the last 12 months preceding the Latest Practicable Date:–

Date	Nature	Number of Shares	Highest/lowest prices paid per Share
30.08.2016	Market Purchase	225,700	S$0.565/S$0.56
31.08.2016	Market Purchase	250,000	S$0.565/S$0.56
07.09.2016	Market Purchase	51,800	S$ 0.56/S$0.56

The total number of Shares purchased pursuant to the Share Buy-back Mandate granted at the 2015 EGM in the last 12 months preceding the Latest Practicable Date was 527,500 (the "**Purchased Shares**"), and the total consideration paid for the Purchased Shares was S$297,669.19.

The Purchased Shares are kept by the Company as treasury shares.

2.12 Take-Over Code implications

(a) Obligation to make a take-over offer

Pursuant to Appendix 2 of the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company as a result of any purchase or acquisition of Shares by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a person will incur an obligation to make a mandatory take-over offer for the Company if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than one per cent. (1%) in any period of six (6) months.

If, as a result of any purchase or acquisition by the Company of Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14.

(b) Persons Acting in Concert

A Shareholder, who is not acting in concert with the Directors, will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the company purchasing its Shares, the voting rights of the Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting on resolution authorising the Share Buy-back Mandate at the 2016 AGM.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:–

(i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid companies for the purchase of Shares carrying voting rights;

(ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(v) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, a company is an "**associated company**" of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

The effect of Rule 14 of the Take-over Code is that, unless exempted, Shareholders, including Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Company purchasing or acquiring its Shares:–

(i) the voting rights of such Shareholders and their concert parties would increase to 30% or more; or

(ii) if the voting rights of such Shareholders and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Shareholders and their concert parties would increase by more than 1% in any period of 6 months.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, (i) the voting rights of such Shareholder would increase to 30% or more, or, (ii) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Purchase Mandate.

The statements herein in relation to the Take-over Code do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

(d) Application of the Take-over Code

(i) Hennfa Investments Pte Ltd, Lim Puay Koon, Lim Boh Chuan, Lim Kim Thor, Lim Yee Kim, Lim Kim Hock, Lim Eng Chong, Lim Beo Peng, and their family members who, as at the Latest Practicable Date, collectively hold 67,770,250[(1)] Shares representing 15.15% of the issued share capital of the Company are deemed parties acting in concert with each other under the Code. In the circumstances, Rule 14 of the Code will not be triggered pursuant to any acquisition or purchases of Shares under the Share Buy-back Mandate.

(ii) Save as disclosed above, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or

Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Code would ensue as a result of a Share Buy-back.

(iii) Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share Buy-back by the Company.

Note:–

(1) The 67,770,250 Shares include Shares held by the Directors and substantial shareholders as set out in Section 3, and also include Shares held by their family members.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the substantial shareholders (as defined in the Companies Act) of the Company in the Shares are set out below.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Directors						
Ong Kian Min	–	–	–	–	–	–
Lim Boh Chuan(2)(3)	7,240,050	5.89	18,603,000	15.15	25,843,050	21.04
Lim Kim Thor(4)	6,880,980	5.60	18,639,000	15.17	25,519,980	20.77
Lim Beo Peng	2,680,710	2.18	–	–	2,680,710	2.18
Lim Eng Chong(4)	4,520,430	3.68	18,603,000	15.15	23,123,430	18.83
Lim Puay Koon(2)(3)	7,240,500	5.89	18,603,000	15.15	25,843,500	21.04
Chan Kam Loon, Philip	–	–	–	–	–	–
Lim Chee San	–	–	–	–	–	–
Substantial Shareholders						
Hennfa Investments Pte Ltd(2)(3)	18,603,000	15.15	–	–	18,603,000	15.15
Lim Boh Chuan(2)(3)	7,240,050	5.89	18,603,000	15.15	25,843,050	21.04
Lim Kim Thor(4)	6,880,980	5.60	18,639,000	15.17	25,519,980	20.77
Lim Yee Kim(3)	6,475,950	5.27	18,603,000	15.15	25,078,950	20.42
Lim Kim Hock(4)	6,409,530	5.22	18,603,000	15.15	25,012,530	20.37
Lim Eng Chong(4)	4,520,430	3.68	18,603,000	15.15	23,123,430	18.83
Lim Puay Koon(2)(3)	7,240,500	5.89	18,603,000	15.15	25,843,500	21.04
Yee Kim Holdings Pte. Ltd.(3)	–	–	18,603,000	15.15	18,603,000	15.15
Pey Choi(3)	–	–	18,603,000	15.15	18,603,000	15.15

Notes:–

(1) Based on the issued share capital of the Company comprising 122,828,014 Shares (excluding 2,646,100 treasury shares) at the Latest Practicable Date.

(2) Messrs Lim Boh Chuan and Lim Puay Koon are brothers. Together, they hold 28.50% of the voting shares in Hennfa Investments Pte Ltd ("**Hennfa**").

(3) Hennfa is an investment holding company which is 23.54% owned by Yee Kim Holdings Pte. Ltd. ("**YKH**"). YKH is a business management and consultancy services company which is held equally by Messrs Lim Yee Kim and Pey Choi. Pey Choi is the spouse of Lim Yee Kim. By virtue of Section 7 of the Companies Act, YKH is deemed interested in the shares of Hennfa. The other shareholders of Hennfa are Pit Hong Holdings Pte. Ltd., Lim Kim Thor, Lim Kim Hock, Lim Eng Chong, Lim Boh Chuan and Lim Puay Koon, each of whom holds less than 20% of the shareholdings in Hennfa.

(4) Messrs Lim Kim Hock, Lim Kim Thor and Lim Eng Chong are brothers and together they hold 38.27% of the voting shares in Hennfa.

4. ANNUAL GENERAL MEETING

The 2016 AGM, notice of which has been announced on 7 October 2016, will be held on 22 October 2016 at 11.00 a.m. at 116 Neythal Road, Singapore 628603 for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of AGM.

5. DIRECTORS' RECOMMENDATION

5.1 Proposed Share Buy-back Mandate

The Directors, having considered and reviewed, the rationale for, and benefit of the Proposed Share Buy-back Mandate, are of the opinion that the Proposed Share Buy-back Mandate is in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Share Buy-back Mandate to be proposed at the 2016 AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the 2016 AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

6.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the 2016 AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register 48 hours before the 2016 AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

This Appendix has been approved by the Directors. The Directors (including those who may have delegated detailed supervision of the preparation of this Appendix) collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Share Buy-back Mandate, the Company and its subsidiaries. The Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 116 Neythal Road, Singapore 628603 during normal business hours on any weekday (public holidays excepted) from the date of this Appendix up to and including the date of the EGM:–

(a) the Constitution; and

(b) the annual report of the Company for FY2016.

Yours faithfully,

For and on behalf of
The Board of Directors
HUPSteel Limited