



HUPSteel Limited
The Hub For Steel

The Board of Directors of Hupsteel Limited (the “Company”) wishes to provide additional information in response to a query received from the SGX on 27 August 2009 with regard to the Full Year Financial Statements for year ended 30 June 2009.

SGX Query

The Company has stated in paragraph 9 of the results announcement that “no forecast or a prospect statement has been previously disclosed to shareholders”. However, we note that the Company has made the following statements in paragraph 10 of its 3QFY09 financial statements:

“The Group believes that the combined inventory level in the market has decreased considerably as many suppliers did not replenish their stocks during the last 3 months. This would lead to a gradual stabilisation of selling prices. With mills also adjusting their supply in response to market demand, the Group believes that it would provide further relief to the downward pressures on prices.

Market requirement for steel products is expected to flow from the Marine Sector as its order books remained full. Demand condition is expected to improve when the budgeted government infrastructural projects move into the implementation stage within the next few months.”

Please explain any variances between the above statements and the Company’s actual results for the current period.

Company’s reply

There were some replenishment activities undertaken by stockists during 4QFY09. Increases in raw materials’ prices coupled with reduction in mills’ production capacity had led to increases in prices by about 20% as mentioned in paragraph 10 of the announcement for 4QFY09.

The Group continued to make deliveries to the Marine Sector in 4QFY09. There was no significant change to demand arising from budgeted government infrastructural projects as they have not progressed to the construction phase during 4QFY09. This was also mentioned in paragraph 10 of the announcement for 4QFY09.