Hupsteel Limited
ROC : 197301452D

# Redevelopment of 6 Kim Chuan Drive into a 7-storey Industrial Building

The Board of Directors of Hupsteel Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to announce that the Group has entered into an agreement ("the Building Agreement") to redevelop its freehold property at 6 Kim Chuan Drive (the "Property") into a 7-storey industrial building with an elevated car park having a gross floor area of 7,690 square metres.

## 1.0 Information on the Property

The Property is located at 6 Kim Chuan Drive. It is classified as a Business 2 (B2) zone which is intended for industry, warehouse, utilities and telecommunication uses. It was tenanted to a third party until recently. The site covers a land area of 3,076 square metres. The Kim Chuan Drive area is served by several major roads and enjoys convenient access to and from the Kallang-Paya Lebar Expressway. Tai Seng MRT station is within walking distance.

The Kim Chuan and Tai Seng areas have become a catchment area attracting major telecommunication, media and data centers, technology companies and high value industries to the locality.

## 2.0 Rationale for the Project

The Group has owned and held the Property since 1979. Renting the Property in its present condition to a third party generates only a meagre return. In redeveloping the Property into a new 7-storey industrial building capable of being strata subdivided for use by multiple users ("the Project"), the Group aims to enhance the capital value of the Property and improve the rental yield by capitalizing on the growing importance of the area as a telecommunication and technological hub. On completion, subject to the prevailing market conditions at that time, the Group may decide to rent out or sell the individual strata units.

## 3.0 Sources of Fund

The total cost of the Project is estimated to be S$14 million and construction will take about 24 months to complete commencing from the issuance of building authorities' approval. The project cost represents about 6.9% of the net assets of the Group as at 31 December 2012.

The Group intends to use its cash holding to finance the construction of the property. The Group had a cash holding of S$43.3 million as at 31 December 2012.

## 4.0 Financial Impact

As the Project will take about 24 months to complete, it is not expected to have any impact on the net tangible asset value ("NTA") per ordinary share in the capital of the Company (the "Share") and earnings per Share ("EPS") of the Company for the financial year ending 30 June 2013.

As at 31 December, existing structures with net book values amounting to $596k would need to be demolished. If this amount was accounted into the results for the 6 months ended 31 December 2012, the net profit after tax would have been reduced to approximately $492K.

## 5.0 Interests of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Building Agreement.

By order of the Board
Lim Kim Thor
CEO
19 April 2013