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

Proposed private placement of up to 49,500,000 new ordinary shares in the capital of HUPSteel Limited (the *Private Placement*)

The board of directors (***Directors***) of HUPSteel Limited (***Company***) are pleased to announce that the Company has entered into a subscription agreement on 11 July 2007 (***Subscription Agreement***) with Lehman Brothers Commercial Corporation Asia Limited, Lion Capital Management Limited and UOB Asset Management Ltd (the ***Subscribers***), pursuant to which the Subscribers have agreed to subscribe for an aggregate of 49,500,000 new ordinary shares of the Company (***New Shares***) at S$0.555 for each New Share for an aggregate consideration of S$27,472,500 (***Subscription Price***).

The Private Placement will widen the Company's institutional investor base, and the Directors are of the opinion that the Private Placement will raise awareness in the local and global investment community. Omega Capital Limited has been appointed as the Manager to the Private Placement.

The Subscription Price of S$0.555 for each New Share represents a discount of approximately 7.52% of the weighted average price for trades transacted on the SGX-ST on 6 July 2007, being the full market day on which the Subscription Agreement was signed.

The New Shares will be issued pursuant to the power conferred on the Directors by the shareholders of the Company under Section 161 of the Companies Act, Chapter 50 at an annual general meeting of the Company held on 26 October 2006 and will upon issue, rank *pari passu* in all respects with the existing shares in the capital of the Company.

The Company will be making an application to the SGX-ST for the listing and quotation of the New Shares and the Private Placement is conditional upon, *inter alia*, the approval of the SGX-ST for the listing and quotation of the New Shares on the Official List of the SGX-ST.

The estimated net proceeds of the Private Placement, after deducting the estimated expenses incurred thereto of approximately S$480,769, are estimated at approximately S$26,991,731 and will be used for retiring bank borrowings, working capital and business expansion purposes.

Prior to deployment, the net proceeds may be deposited with banks or financial institutions and/or used for investment in short-term money market and/or debt instruments, as the Directors may deem fit in the best interests of the Group.

When completed, the Private Placement will increase the issued share capital of the Company from S$68,371,150.80 divided into 452,396,488 ordinary shares to S$95,362,881.80 divided into 501,896,488 ordinary shares. The New Shares represent approximately 10.94% of the issued share capital of the Company as at the date of this announcement.

On 7 December 2006, the Company increased its share capital from 361,913,790 to 452,396,488 shares by way of a renounceable non-underwritten rights issue of one rights share for every four existing shares (***Rights Issue***). Based on the audited accounts of the Company and its subsidiaries (***Group***) dated 30 June 2006, the Rights Issue resulted in an adjustment to the net asset value per ordinary share of the Group by approximately 20.02% from S$0.3477 to S$0.2781. Based on the audited accounts of the Company and its subsidiaries (***Group***) dated 30 June 2006 and the expanded share capital pursuant to the Rights Issue as aforesaid, the Placement will result in an adjustment to the net asset value per ordinary share of the Group by approximately 12.42% from S$0.3477 to S$0.3045.

None of the New Shares will be placed by the Company with any person or groups of persons disallowed by the SGX-ST as set out under Rule 812 of the SGX-ST Listing Manual.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement (other than through their shareholdings in the Company).

The Company intends to lodge an Offer Information Statement which complies in form and content with the Sixteenth Schedule to the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 with the Monetary Authority of Singapore shortly and the Company will provide updates in this respect duly.

By Order of the Board

Julie Koh Ngin Joo
Company Secretary

11 July 2007