

Circular dated 1 September 2008

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Circular is issued by HG Metal Manufacturing Limited (the “**Company**”). The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

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

If you have sold or transferred all your ordinary shares in the capital of the Company held through the Central Depository (Pte) Limited (the “**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold all your shares in the capital of the Company which are not deposited with the CDP, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for transmission to the purchaser or transferee.



**HG METAL MANUFACTURING LIMITED**

(Company Registration No. 198802660D)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

IN RELATION TO:

- (1) **THE PROPOSED ACQUISITION BY HG METAL PTE. LTD., A 51 PER CENT. OWNED SUBSIDIARY OF THE COMPANY, OF 437,550,000 SHARES IN BRC ASIA LIMITED, REPRESENTING APPROXIMATELY 70.28% OF THE ENTIRE ISSUED SHARE CAPITAL OF BRC ASIA LIMITED; AND**
- (2) **THE PRE-CONDITIONAL MANDATORY GENERAL OFFER BY HG METAL PTE. LTD. FOR ALL THE ISSUED ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF BRC ASIA LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY HG METAL PTE. LTD. AND ITS NOMINEES.**

Financial Adviser



**KBC BANK N.V., SINGAPORE BRANCH**

**IMPORTANT DATES AND TIMES: -**

Last date and time for lodgement of Proxy Form	:	15 September 2008 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	17 September 2008 at 9.30 a.m.
Place of Extraordinary General Meeting	:	28 Jalan Buroh, Jurong Town, Singapore 619484

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## DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or is otherwise stated:

- “Acquisitions” : The First Tranche Acquisition and the Second Tranche Acquisition.
- “ACRA” : The Accounting and Corporate Regulatory Authority of Singapore.
- “Board” : The Board of Directors of the Company.
- “BRC” : BRC Asia Limited.
- “BRC Group” : BRC and its subsidiaries.
- “BRC Shareholders” : The holders of the Offer Shares, including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST.
- “BRC Shares” : Issued and paid-up ordinary shares in the capital of BRC, and “BRC Share” shall be construed accordingly.
- “CDP” : The Central Depository (Pte) Limited.
- “Chapter 10 Announcement” : Has the meaning ascribed to it in Section 1.1 of this Circular.
- “Chye Hin” : Chye Hin Hardware (Pte) Ltd., a company incorporated in Singapore. Further details of Chye Hin are contained in Appendix 1 to this Circular.
- “Circular” : This circular to the Company Shareholders dated 1 September 2008 issued by the Company in relation to the Acquisitions and the Offer.
- “Code” : The Singapore Code on Take-overs and Mergers.
- “Companies Act” : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
- “Company” : HG Metal Manufacturing Limited.
- “Company Shareholders” : Registered holders of HG Metal Shares except that where the registered holder is CDP, the term “Company Shareholders” shall, in relation to the HG Metal Shares, mean the persons to whose direct securities accounts maintained with CDP are credited with HG Metal Shares.
- “Concert Parties” : Any party acting or deemed to be acting in concert (as defined in the Code) with HG Metal PL in connection with the Offer (as the case may be).
- “Consideration” : The aggregate of the First Tranche Consideration and the Second Tranche Consideration, amounting to S\$48,130,500.
- “Director” : A person holding office as a director of the Company as at the date of this Circular, and “Directors” is to be construed accordingly.

“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on page 25 of this Circular.
“EPS”	:	Earnings per share.
“First SPA”	:	Has the meaning set out in Section 1.1 of this Circular.
“First Tranche Acquisition”	:	Has the meaning set out in Section 1.1 of this Circular.
“First Tranche Conditions Precedent”	:	Has the meaning set out in Section 1.1 of this Circular.
“First Tranche Consideration”	:	The consideration paid for the First Tranche Acquisition, amounting to S\$38,445,000.
“First Tranche Sale Shares”	:	Has the meaning set out in Section 1.1 of this Circular.
“Formal Offer Announcement”	:	Has the meaning set out in Section 1.1 of this Circular.
“Free Float”	:	Has the meaning set out in Section 3.7 of this Circular.
“Gearing”	:	The ratio of the Company’s total borrowings to its shareholders’ funds.
“HG Metal Group”	:	The Company and its subsidiaries.
“HG Metal Investments”	:	HG Metal Investments Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of the Company. Further details of HG Metal Investments are contained in Appendix 1 to this Circular.
“HG Metal PL”	:	HG Metal Pte. Ltd., a 51% owned subsidiary of the Company in which HG Metal Investments has an interest of approximately 51.00%, Lingco Marine has an interest of approximately 20.01%, Chye Hin has an interest of approximately 9.66%, STG has an interest of approximately 9.66% and SSH has an interest of approximately 9.66%.
“HG Metal Shares”	:	Ordinary shares in the capital of the Company.
“IPT”	:	Has the meaning ascribed to it in Appendix 1 to this Circular.
“KBC”	:	KBC Bank N.V., Singapore Branch.
“Latest Practicable Date”	:	27 August 2008, being the latest practicable date prior to the printing of this Circular.
“Lingco Marine”	:	Lingco Marine Pte. Ltd., a company incorporated in Singapore. Further details of Lingco Marine are contained in Appendix 1 to this Circular.
“Listing Manual”	:	The Listing Manual of the SGX-ST.
“NTA”	:	Net tangible assets.
“Offer”	:	The mandatory unconditional offer by HG Metal PL to acquire all the Offer Shares on the terms and conditions set out in the Offer Document.

“Offer Document”	:	Has the meaning set out in Section 3.1 of this Circular.
“Offer Price”	:	Offer price for the Offer Shares as defined in Section 3.1 of this Circular.
“Offer Shares”	:	Has the meaning ascribed to it in Section 1.1 of this Circular.
“Options”	:	Share options granted by BRC under the BRC Share Option Scheme 2004 to subscribe for any BRC Shares.
“Overseas BRC Shareholders”	:	BRC Shareholders whose addresses are outside Singapore, as shown in the register of members of BRC.
“Pre-Conditional Offer Announcement”	:	The pre-conditional offer announcement dated 13 August 2008 issued by HG Metal PL in connection with the Acquisitions and the Offer.
“Sale Shares”	:	The First Tranche Sale Shares and the Second Tranche Sale Shares.
“Second SPA”	:	Has the meaning set out in Section 1.1 of this Circular.
“Second Tranche Acquisition”	:	Has the meaning set out in Section 1.1 of this Circular.
“Second Tranche Conditions Precedent”	:	Has the meaning set out in Section 1.1 of this Circular.
“Second Tranche Consideration”	:	The consideration paid for the Second Tranche Acquisition, amounting to S\$9,685,500.
“Second Tranche Sale Shares”	:	Has the meaning set out in Section 1.1 of this Circular.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“SSH”	:	Siem Seng Hing & Co Pte Ltd, a company incorporated in Singapore. Further details of SSH are contained in Appendix 1 to this Circular.
“STG”	:	Sin Teck Guan (Pte) Ltd, a company incorporated in Singapore. Further details of STG are contained in Appendix 1 to this Circular.
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than 5% of the issued voting shares of the Company.
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore.
“Undertaking”	:	Undertaking as set out in Section 3.5 of this Circular.
“Undertaking Shares”	:	Has the meaning ascribed to it in Section 3.5 of this Circular.
“Vendor”	:	Acertec Engineering Limited.
“%” or “per cent.”	:	Percentage or per centum.

The terms “**depositor**”, “**depository agent**” and “**depository register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term “**Controlling Shareholder**” shall have the meaning ascribed to it in the Listing Manual.

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. References to persons shall include corporations.

Any reference to time of day in this Circular shall be a reference to Singapore time.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted and, unless the context otherwise requires, any word defined under the Companies Act, the Code or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

The total of figures listed in certain tables included in this Circular may not be the same as the arithmetic addition of the figures. Any such discrepancies are due to rounding.

In this Circular, the total number of issued BRC Shares as at the Latest Practicable Date is 622,542,000 BRC Shares.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)  
(Incorporated in the Republic of Singapore)

## Board of Directors:

Tan Chan Too (Executive Chairman)  
Wee Piew (Chief Executive Officer)  
Lee Leng Loke  
Tan Ah Bee  
Sia Ling Sing  
Gui Kim Young @ Gui Kim Gan  
Poon Hon Thang Samuel  
Ooi Seng Soon

## Registered Office:

30 Jalan Buroh  
Jurong Town  
Singapore 619486

1 September 2008

To: **The Shareholders of HG Metal Manufacturing Limited**

Dear Sir/Madam

- (1) **THE PROPOSED ACQUISITION BY HG METAL PTE. LTD., A 51% OWNED SUBSIDIARY OF THE COMPANY, OF 437,550,000 SHARES IN BRC ASIA LIMITED, REPRESENTING APPROXIMATELY 70.28% OF THE ENTIRE ISSUED SHARE CAPITAL OF BRC ASIA LIMITED; AND**
- (2) **THE PRE-CONDITIONAL MANDATORY GENERAL OFFER BY HG METAL PTE. LTD. FOR ALL THE ISSUED ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF BRC ASIA LIMITED OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY HG METAL PTE. LTD. AND ITS NOMINEES.**

## 1. INTRODUCTION

- 1.1 **The Acquisitions and the Offer.** On 12 August 2008, HG Metal PL, a 51% owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the **"First SPA"**) with Acertec Engineering Limited (the **"Vendor"**) pursuant to which the Vendor agreed to sell and HG Metal PL agreed to purchase (the **"First Tranche Acquisition"**) 349,500,000 BRC Shares (the **"First Tranche Sale Shares"**), representing approximately 56.14% of the existing issued share capital of BRC. Under the terms of the First SPA, completion of the First SPA would take place upon the satisfaction and/or waiver of the conditions precedent as set out in Section 2.2(a) below (the **"First Tranche Conditions Precedent"**). Simultaneously with the entry by HG Metal PL into the First SPA, HG Metal PL entered into another conditional sale and purchase agreement (the **"Second SPA"**) with the Vendor pursuant to which the Vendor agreed to sell and HG Metal PL agreed to purchase (the **"Second Tranche Acquisition"**) 88,050,000 BRC Shares (the **"Second Tranche Sale Shares"**), representing approximately 14.14% of the existing issued share capital of BRC. Under the terms of the Second SPA, completion of the Second SPA would take place on the date falling on the expiry of 12 months after completion of the First SPA (or such other date as may be agreed between HG Metal PL and the Vendor) and is subject to the satisfaction and/or waiver of the conditions precedent as set out in Section 2.2(b) below (the **"Second Tranche Conditions Precedent"**).

Upon completion of the First SPA, HG Metal PL will own or control 349,500,000 BRC Shares representing approximately 56.14% of the existing issued share capital of BRC. In accordance with Rule 14.1 of the Code, HG Metal PL will be required to make a mandatory take-over offer for all the BRC Shares not already owned, controlled or agreed to be acquired directly or indirectly by HG Metal PL (the **"Offer Shares"**). For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all new BRC Shares unconditionally issued or to be issued pursuant to the



valid exercise (if any) prior to the close of the Offer of any Options granted under BRC's BRC Share Option Scheme 2004, which are vested and released prior to the close of the Offer. For the purpose of the Offer, the expression "**Offer Shares**" shall include such new BRC Shares. For the avoidance of doubt, the Offer will not be extended to the Undertaking Shares and the expression "**Offer Shares**" shall not include such BRC Shares which are subject to the Undertaking. Further details of the Undertaking and the Undertaking Shares are set out in paragraph 3.5 below.

Based on the Listing Manual, the acquisition by HG Metal PL of the Sale Shares pursuant to the Acquisitions and the subsequent acquisition by HG Metal PL of the Offer Shares pursuant to the Offer will constitute a major transaction under Chapter 10 of the Listing Manual and will be subject to the approval of the Company Shareholders at a general meeting. Accordingly, an announcement (the "**Chapter 10 Announcement**") was made by the Company on 13 August 2008 in relation to the aforesaid major transaction.

As such, the Acquisitions will not be completed and the Offer will not be made unless and until all resolutions as may be necessary or incidental to approve, implement and effect the Acquisitions and the Offer have been passed at a general meeting of the Company Shareholders (or any adjournment thereof), such condition being one of the First Tranche Conditions Precedent and the Second Tranche Conditions Precedent.

Accordingly, on 13 August 2008, HG Metal PL had also announced (the "**Pre-Conditional Offer Announcement**") that subject to the satisfaction and/or waiver of the First Tranche Conditions Precedent, HG Metal PL will make the Offer for the Offer Shares in accordance with Rule 14.1 of the Code and subject to the terms and conditions set out in the Offer Document to be issued by or on behalf of HG Metal PL. It was further stated in the Pre-Conditional Offer Announcement, *inter alia*, that if and when the First Tranche Conditions Precedent are satisfied and/or waived and the acquisition of the First Tranche Sale Shares is completed, an announcement of the firm intention on the part of HG Metal PL to make the Offer will be made by or on behalf of HG Metal PL (the "**Formal Offer Announcement**").

- 1.2 **Announcements.** Copies of the Chapter 10 Announcement and the Pre-Conditional Offer Announcement are available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).
- 1.3 **Circular.** The Directors are convening an EGM on 17 September 2008 at 9.30 a.m. at 28 Jalan Buroh, Jurong Town, Singapore 619484 to seek the approval of the Company Shareholders for the Acquisitions and the Offer. The purpose of this Circular is to provide the Company Shareholders with information relating to the Acquisitions and the Offer, and to seek the approval of the Company Shareholders on the same.

## 2. TERMS OF THE ACQUISITIONS

### 2.1 Consideration for the Acquisitions

The consideration to be paid by HG Metal PL to the Vendor for each Sale Share is S\$0.11, amounting to an aggregate consideration of S\$48,130,500 for the Sale Shares. The First Tranche Consideration and the Second Tranche Consideration will be satisfied by way of cash payment from HG Metal PL to the Vendor upon the completion of the First Tranche Acquisition and the Second Tranche Acquisition respectively. The Consideration (and the consideration for the subsequent Offer) will be funded by a combination of internal funds of HG Metal PL and debt financing. The Consideration was agreed upon following arm's length negotiations between HG Metal PL and the Vendor on a willing-buyer, willing-seller basis after taking into account, *inter alia*, the prevailing market prices of BRC Shares during the period of negotiations as well as the business operations of BRC. No independent valuation of BRC has been performed in respect of the Acquisitions.

### 2.2 The First Tranche Conditions Precedent and the Second Tranche Conditions Precedent

- (a) The completion of the First SPA is conditional upon:
  - (i) the concurrent entry into by each of HG Metal PL and the Vendor into the Second SPA;

- (ii) The Vendor having obtained a letter of consent from Barclays Bank plc consenting to the release of the deed of charge dated 23 November 2005 between the Vendor and Barclays Bank plc over the First Tranche Sale Shares and the Second Tranche Sale Shares to enable the Vendor to sell and transfer the First Tranche Sale Shares to HG Metal PL free from encumbrances and HG Metal PL to be registered as the holder of the First Tranche Sale Shares on the completion date of the First SPA; and
  - (iii) The Company obtaining the approval of the Company Shareholders at an extraordinary general meeting to be convened prior to the completion date of the First SPA for the acquisition of (A) the First Tranche Sale Shares pursuant to the First SPA, (B) the Second Tranche Sale Shares pursuant to the Second SPA, and (C) any of the Offer Shares pursuant to the Offer.
- (b) The completion of the Second SPA is conditional upon:
- (i) the concurrent entry into by each of HG Metal PL and the Vendor into the First SPA;
  - (ii) the completion of the First SPA;
  - (iii) The Vendor having obtained a letter of consent from Barclays Bank plc consenting to the release of the deed of charge dated 23 November 2005 between the Vendor and Barclays Bank plc over the First Tranche Sale Shares and the Second Tranche Sale Shares to enable the Vendor to sell and transfer the Second Tranche Sale Shares to HG Metal PL free from encumbrances and HG Metal PL to be registered as the holder of the Second Tranche Sale Shares on the completion date of the Second SPA; and
  - (iv) The Company obtaining the approval of the Company Shareholders at an extraordinary general meeting to be convened prior to the completion date of the Second SPA for the acquisition of (A) the First Tranche Sale Shares pursuant to the First SPA, (B) the Second Tranche Sale Shares pursuant to the Second SPA, and (C) any of the Offer Shares pursuant to the Offer.

### 2.3 Voting Undertakings

It is noted that prior to the execution of the First SPA and the Second SPA, each of the following persons have given an undertaking to the Vendor, in respect of each of their respective shareholding interests in the Company, to vote in favour of all resolutions as may be necessary or incidental to approve, implement and effect the Acquisitions and the Offer:

- (a) Lingco Marine Pte. Ltd., a Substantial Shareholder, holding approximately 6.50% of the issued share capital of the Company;
- (b) Mr Tan Chan Too, a Substantial Shareholder and Director, holding approximately 5.08% of the issued share capital of the Company;
- (c) Mr Wee Piew, a Director, holding approximately 0.64% of the issued share capital of the Company;
- (d) Mr Lee Leng Loke, a Director, holding approximately 1.68% of the issued share capital of the Company; and
- (e) Mr Sia Ling Sing, a Director, holding approximately 3.78% of the issued share capital of the Company.

### 3. THE OFFER

- 3.1 **Offer Terms.** The Offer is made for all the BRC Shares (including any new BRC Shares that may be issued pursuant to the valid exercise (if any) prior to the close of the Offer of any Options and which are vested and released prior to the close of the Offer but excluding the Undertaking Shares) not already owned, controlled or agreed to be acquired directly or indirectly by HG Metal PL in accordance with Rule 14 of the Code and subject to the terms and conditions to be set out in the formal offer document to be issued by HG Metal PL in connection with the Offer (“**Offer Document**”).

The Offer will be made on the following basis:

**For each Offer Share: S\$0.11 in cash (“Offer Price”)**

- 3.2 **No Encumbrances.** The Offer Shares are to be acquired (a) fully-paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the date of the Formal Offer Announcement and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by BRC on or after the date of the Formal Offer Announcement together with all interest accrued thereon). If any dividend, other distribution or return of capital is declared, made or paid on or after the date of the Formal Offer Announcement, HG Metal PL reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

The Offer Shares may be held by a nominee company(ies) on behalf of HG Metal PL.

- 3.3 **First Tranche Conditions Precedent.** The Offer shall be subject to the satisfaction and/or waiver of the First Tranche Conditions Precedent and accordingly, the completion of the acquisition by HG Metal PL of the First Tranche Sale Shares.

Subject to the satisfaction and/or waiver of the First Tranche Conditions Precedent, the Offer will become unconditional in all other respects.

- 3.4 **Options.** Based on the unaudited consolidated financial statements of the BRC Group for the second quarter ended 30 June 2008, there are 62,407,000 Options that are outstanding. Further details on the outstanding Options are set out below:

Number of Options	Exercise Period	Exercise Price
14,856,000	23 August 2006 – 22 August 2009	\$0.0657
14,555,000	1 October 2007 – 30 September 2010	\$0.0612
20,056,000	21 August 2008 – 20 August 2011	\$0.0720
12,940,000	7 September 2009 – 06 September 2012	\$0.1710

- 3.5 **Irrevocable Undertaking.** As at 12 August 2008, HG Metal PL has received an irrevocable undertaking from the Vendor under the Second SPA not to accept the Offer in respect of its direct shareholding interests in the Second Tranche Sale Shares (the “**Undertaking**”) comprising 88,050,000 BRC Shares (“**Undertaking Shares**”). The Undertaking Shares represent approximately 14.14% of the existing issued share capital of BRC.

As at the Latest Practicable Date, save as disclosed above, neither HG Metal PL nor its Concert Parties has received any irrevocable undertaking from any other party to accept or reject the Offer.

- 3.6 **Overseas BRC Shareholders.** The availability of the Offer to the BRC Shareholders whose addresses are outside Singapore as shown in the register of members of BRC or, as the case may be, in the records of CDP ("**Overseas BRC Shareholders**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, the Overseas BRC Shareholders should inform themselves about and observe any applicable legal requirements. For the avoidance of doubt, the Offer is made to all BRC Shareholders holding Offer Shares including those to whom the Offer Document and the relevant acceptance forms may not be sent. Further details in relation to the Overseas BRC Shareholders will be contained in the Offer Document.
- 3.7 **Trading Suspension and Listing Status.** Under the provisions of the Listing Manual, upon the announcement by HG Metal PL that valid acceptances have been received that bring the BRC Shares owned by it and its Concert Parties and the Second Tranche Sale Shares owned by the Vendor to more than 90% of the issued share capital of BRC, the SGX-ST may suspend the listing of the BRC Shares in the Ready and Odd-Lots markets until it is satisfied that at least 10% of the BRC Shares are held by BRC Shareholders who are members of the public ("**Free Float**").

In addition, based on Rule 724 of the Listing Manual, if the percentage of the BRC Shares held in public hands falls below 10%, BRC must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the BRC Shares.

Rule 725 of the Listing Manual states that the SGX-ST may allow BRC a period of three (3) months, or such longer period as the SGX-ST may agree, for the Free Float to be raised to at least 10%, failing which BRC may be de-listed.

It is the present intention of HG Metal PL to preserve the listing status of BRC on the SGX-ST. In the event that valid acceptances have been received that bring the BRC Shares owned by it and its Concert Parties and the Second Tranche Sale Shares owned by the Vendor to more than 90% of the issued share capital of BRC, HG Metal PL will make an announcement via SGXNET and may place out such number of BRC Shares it owns and/or cause BRC to issue such number of new BRC Shares to third parties as may be required to satisfy the Free Float requirement of the Listing Manual.

- 3.8 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, in the event HG Metal PL receives acceptances of the Offer in respect of 90% or more of the BRC Shares (other than those already held by HG Metal PL, its related corporations or their respective nominees as at the date of the Offer), HG Metal PL would be entitled to exercise the right to compulsorily acquire all the BRC Shares of the BRC Shareholders who have not accepted the Offer at a price equal to the Offer Price.

In addition, BRC Shareholders who have not accepted the Offer have the right under and subject to Section 215(3) of the Companies Act to require HG Metal PL to acquire their BRC Shares in the event that HG Metal PL, its related corporations and/or their respective nominees acquire 90% or more of the BRC Shares.

In light of the Undertaking, HG Metal PL does not expect to have any rights of compulsory acquisition in connection with the Offer. In any event, HG Metal PL does not intend to exercise any rights of compulsory acquisition that may arise under the Companies Act as a result of the Offer (if made).

- 3.9 **Acquisitions.** It is proposed that, for flexibility, the approval being sought from the Company Shareholders for the Offer will also empower the directors of HG Metal PL to acquire the Offer Shares whether pursuant to the Offer or otherwise, during the offer period in respect of the Offer or thereafter, in such manner and on such terms and conditions (including any revised Offer Price) as the directors of HG Metal PL may deem fit.

### 3.10 Value Comparisons

The Offer Price represents:

- (a)
  - (i) no premium over or discount to the last transacted price of S\$0.110 per BRC Share on the SGX-ST on 11 August 2008, being the latest trading date prior to the date of the First SPA and the Second SPA;
  - (ii) a discount of approximately 3.5% to the volume weighted average price of BRC Shares on the SGX-ST of S\$0.114 over the last one (1) month prior to but including 11 August 2008, being the latest trading date prior to the date of the First SPA and the Second SPA;
  - (iii) a discount of approximately 4.3% to the volume weighted average price of BRC Shares on the SGX-ST of S\$0.115 over the last three (3) months prior to but including 11 August 2008, being the latest trading date prior to the date of the First SPA and the Second SPA;
  - (iv) a discount of approximately 10.6% to the volume weighted average price of BRC Shares on the SGX-ST of S\$0.123 over the last six (6) months prior to but including 11 August 2008, being the latest trading date prior to the date of the First SPA and the Second SPA; and
  - (v) a premium of approximately 4.8% over the last transacted price of S\$0.105 per BRC Share on the SGX-ST on 27 August 2008, being the Latest Practicable Date;
- (b) a price-earnings multiple of 12.15 times based on the audited earnings of the BRC Group for the financial year ended 31 December 2007 and the 618,760,000 BRC Shares in issue as at 31 December 2007; and
- (c) a premium of approximately 83.33% over the audited NTA per BRC Share of S\$0.06 based on the audited NTA of the BRC Group for the financial year ended 31 December 2007 and the 618,760,000 BRC Shares in issue as at 31 December 2007.

3.11 **Information on the BRC Group.** Information on the BRC Group, based on publicly available information, is set out in Appendix 1 to this Circular.

3.12 **Information on HG Metal PL.** Information on HG Metal PL is set out in Appendix 1 to this Circular.

3.13 **Confirmation of Financial Resources.** KBC, as the financial adviser to HG Metal PL in relation to the Offer, confirms that sufficient financial resources are available to HG Metal PL to satisfy in full all acceptances of the Offer.

## 4. RATIONALE FOR THE ACQUISITIONS AND THE OFFER

The rationale for the Acquisitions and the Offer are as follows:

- (a) Strategic fit with the existing business of the HG Metal Group

The HG Metal Group is expected to derive substantial synergistic benefits from the Acquisitions and the Offer, namely:

- (i) Expansion of manufacturing capabilities

The HG Metal Group currently manufactures customised flat steel bars in a wide variety of engineering processes and mild steel lip channels commonly used as roofing support in commercial and industrial buildings. The Directors believe that the HG Metal Group is the only steel stockist in Singapore with such manufacturing capability. This gives the HG Metal Group a competitive advantage against their competitors, as they can fulfil customers' requirements more quickly and completely, especially for specifications that are not readily available in the market.

BRC is engaged in the design, manufacture and marketing of steel mesh which is sold under the “BRC” brand name. Currently, BRC has operations in Singapore and China. BRC was one of the first companies to pioneer the use of prefabricated steel mesh in the local construction industry. BRC has developed a wide range of prefabricated products including beam and column cages, completely prefabricated beam and column reinforcement, staggered mesh, twin-wire mesh and pile cap cages for customers mainly in the construction industry.

The HG Metal Group believes that with the acquisition of BRC pursuant to the Acquisitions and the Offer, it will be able to offer a wider range of steel products to its customers in the construction, engineering and shipping sectors.

(ii) Expansion of market share through cross-selling efforts

Currently, the HG Metal Group sells to customers who are mainly other stockists and retailers and purchases its steel products for redistribution to a diversified group of end-users in the construction, engineering and shipping industries, amongst others. The markets for the HG Metal Group’s products are both domestic and overseas. It exports mainly to customers in Malaysia and Indonesia. The HG Metal Group believes that it will be able to cross-sell its products to the existing customer base established by BRC as they are both in the construction industry. In addition, BRC currently derives its entire revenue from Singapore, which complements the HG Metal Group’s main markets in Singapore, Malaysia, Indonesia and other countries.

(iii) Streamlining of manufacturing and warehousing operations

The HG Metal Group’s current manufacturing and warehousing operations are based in Singapore and Johor, Malaysia. The HG Metal Group believes that with the Acquisitions and the Offer, the HG Metal Group will be able to streamline its current manufacturing and warehousing operations with that of BRC and achieve greater cost-savings through greater operational efficiency and economies of scale. In addition, with the enlarged volume of products, the HG Metal Group believes that it will be able to negotiate for better terms with its logistics and transportation providers.

(b) Acquisition of a profitable company listed on the SGX-ST

BRC achieved an audited net profit after tax of S\$5.6 million for the financial year ended 31 December 2007 on revenue of S\$130.3 million. For the six months ended 30 June 2008, BRC achieved an unaudited net profit after tax of S\$2.9 million on revenue of S\$120.4 million. The Acquisitions and the Offer will enhance the Company’s EPS which will in turn enhance the Company Shareholders’ value. In addition, BRC is currently listed on the SGX-ST. The acquisition of a listed company provides a degree of assurance in relation to the level of corporate governance and internal controls that exists in the company. The existence of a market price as traded over the SGX-ST also provides a ready valuation of the Company’s stake in BRC.

(c) Acquisition of the “BRC” brand name

In conjunction with the Acquisitions and the Offer, the HG Metal Group will be acquiring the “BRC” brand name. BRC has the full legal and beneficial title and ownership in perpetuity of the “Weldmesh” and “B.R.C.” trademarks in South East Asia, Hong Kong, PRC, North Korea, South Korea, Japan, Guam, Taiwan and Papua New Guinea. Since incorporation in 1938, BRC has been involved in the production of wire mesh and has established themselves as one of the leading wire mesh manufacturers in Singapore. The HG Metal Group believes it would be able to leverage on the “Weldmesh” and “BRC” trademarks and expand its footprint in Singapore and the neighbouring markets.

## 5. CONSIDERATION FOR THE OFFER

- 5.1 **Offer Consideration.** The consideration under the Offer is based on the highest price paid by HG Metal PL or any of its Concert Parties for the BRC Shares during the offer period and within six (6) months prior to the commencement of the Offer.

Based on the terms of the Offer as at the Latest Practicable Date, the aggregate cash consideration payable for the Offer Shares is approximately S\$27.2 million (assuming 100% acceptances of the Offer).

- 5.2 **Sources of Funds.** The consideration for the Offer is proposed to be funded by a combination of internal funds of HG Metal PL and debt financing.

## 6. FINANCIAL EFFECTS OF THE ACQUISITIONS AND THE OFFER

- 6.1 **Major Transaction.** Under Chapter 10 of the Listing Manual, where a listed company or a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange proposes to enter into a transaction to acquire assets where:

- (a) the net asset value of the assets to be disposed of, compared with the group's net asset value (this is not applicable to an acquisition of assets); or
- (b) the net profits attributable to the assets to be acquired, compared with the group's net profits<sup>(1)</sup>; or
- (c) the aggregate value of the consideration given, compared with the listed company's market capitalisation; or
- (d) the number of equity securities issued by the listed company as consideration for an acquisition, compared with the number of equity securities previously in issue,

exceeds 20%, the listed company must seek its shareholders' approval at a general meeting.

### Note:

- (1) Net profits means profit or loss before income tax, minority interests and extraordinary items.

Based on the latest audited consolidated financial statements of the HG Metal Group for the financial year ended 30 September 2007 and the latest audited consolidated financial statements of the BRC Group for the financial year ended 31 December 2007, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

**(i) Assuming completion of the Acquisitions and nil acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)**

- (A) Rule 1006(a): This test is not applicable to an acquisition of assets.
- (B) Rule 1006(b): The net profits of the BRC Group of S\$6.6 million, as compared with the net profits of the HG Metal Group of approximately S\$22.5 million, is approximately 10.56%<sup>(1)</sup>.
- (C) Rule 1006(c): The aggregate consideration payable of S\$24.5 million as compared with the Company's market capitalisation of approximately S\$154.5 million as at close of trading of the HG Metal Shares on 11 August 2008 (being the market day preceding the date of the First SPA and the Second SPA) is approximately 15.86%<sup>(2)</sup>.
- (D) Rule 1006(d): This test is not applicable as no equity securities will be issued by the Company as consideration for the Acquisitions and the Offer.

### Notes:

- (1) Net profits means profit or loss before income tax, minority interests and extraordinary items.

- (2) Based on the Company's 51% shareholding interest in HG Metal PL, the aggregate consideration for the Acquisitions and the Offer is approximately S\$24.5 million. The market capitalisation of the Company of approximately S\$154.5 million is determined by multiplying the 424,714,561 HG Metal Shares in issue as at 11 August 2008 by the volume weighted average price of approximately S\$0.364 per HG Metal Share as at 11 August 2008.

**(ii) Assuming completion of the Acquisitions and 100% acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)**

- (A) Rule 1006(a): This test is not applicable to an acquisition of assets.
- (B) Rule 1006(b): The net profits of the BRC Group of S\$6.6 million, as compared with the net profits of the HG Metal Group of approximately S\$22.5 million, is approximately 15.02%<sup>(1)</sup>.
- (C) Rule 1006(c): The aggregate consideration payable of S\$38.4 million as compared with the Company's market capitalisation of approximately S\$154.5 million as at close of trading of the HG Metal Shares on 11 August 2008 (being the market day preceding the date of the First SPA and the Second SPA) is approximately 24.85%<sup>(2)</sup>.
- (D) Rule 1006(d): This test is not applicable as no equity securities will be issued by the Company as consideration for the Acquisitions and the Offer.

**Notes:**

- (1) Net profits means profit or loss before income tax, minority interests and extraordinary items.
- (2) Based on the Company's 51% shareholding interest in HG Metal PL, the aggregate consideration for the Acquisitions and the Offer of approximately S\$38.4 million is derived using the Offer Price multiplied by 684,949,000 Offer Shares (which assumes that there are 62,407,000 Options outstanding as at 11 August 2008, all of which have been validly exercised prior to the close of the Offer). The market capitalisation of the Company of approximately S\$154.5 million is determined by multiplying the 424,714,561 HG Metal Shares in issue as at 11 August 2008 by the volume weighted average price of approximately S\$0.364 per HG Metal Share as at 11 August 2008.

As the relative figures computed on the basis set out in Rule 1006(c) under Section 6.1(ii)(C) above exceeds 20%, the Acquisitions and the Offer, if made, would constitute a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of the Company Shareholders at the EGM.

## 6.2 Financial Effects of the Acquisitions and the Offer.

The financial effects of the Acquisitions and the Offer on the Company as presented herein:

- (a) are purely for illustrative purposes only and do not reflect the actual future financial performance or position of the Company after the completion of the Acquisitions and the Offer;
- (b) are based on the audited consolidated financial statements of the Company for the financial year ended 30 September 2007 and the audited consolidated financial statements of the BRC Group for the financial year ended 31 December 2007;
- (c) assumes that the Acquisitions and the Offer are completed, in respect of profit and loss statements on 1 October 2006, and in respect of balance sheets on 30 September 2007;
- (d) assumes that there are 62,407,000 Options which are outstanding and all of these have been validly exercised prior to the close of the Offer;
- (e) assumes that the Acquisitions and the Offer are financed using the Company's internal resources and bank borrowings; and



- (f) as the purchase price allocation to goodwill and other assets has not been finalised, the carrying value of the net assets acquired in BRC in the Acquisitions and the Offer has been assumed to approximate fair value. In addition, no impairment assessment of the resultant goodwill has been performed. On completion of the Acquisitions and the Offer, the deemed consideration for the Acquisitions and the Offer for accounting purposes will be based on the fair market value of each BRC Share at the date of completion of the Acquisitions and the Offer. As the final goodwill has to be determined at the completion of the Acquisitions and the Offer, the actual goodwill could be materially different from the assumption used above. Any goodwill arising hereon from the Acquisitions and the Offer will be accounted for in accordance with the accounting policies of the Company and assessed for impairment accordingly.

For illustration purposes, the financial effects have been prepared based on the following scenario assumptions:

- (1) Scenario 1 - Assuming completion of the Acquisitions and nil acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL); or
- (2) Scenario 2 - Assuming completion of the Acquisitions and 100% acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL).

6.2.1 The effects of the Acquisitions and the Offer on the NTA per share of the Company assuming that the Acquisitions and the Offer had been effected as at 30 September 2007 are as follows:

- (1) Assuming completion of the Acquisitions and nil acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)

	<b>NTA per HG Metal Share</b>
Before adjusting for the Acquisitions and the Offer	36.30 cents
After adjusting for the Acquisitions and the Offer	32.81 cents

- (2) Assuming completion of the Acquisitions and 100% acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)

	<b>NTA per HG Metal Share</b>
Before adjusting for the Acquisitions and the Offer	36.30 cents
After adjusting for the Acquisitions and the Offer	30.07 cents

6.2.2 The effects of the Acquisitions and the Offer on the EPS of the Company assuming that the Acquisitions and the Offer had been effected as at 1 October 2006 are as follows:

- (1) Assuming completion of the Acquisitions and nil acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)

	<b>EPS</b>
Before adjusting for the Acquisitions and the Offer	5.69 cents
After adjusting for the Acquisitions and the Offer	6.32 cents

- (2) Assuming completion of the Acquisitions and 100% acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)

**EPS**

Before adjusting for the Acquisitions and the Offer	5.69 cents
After adjusting for the Acquisitions and the Offer	6.42 cents

6.2.3 The effects of the Acquisitions and the Offer on the Gearing of the Company are as follows:

- (1) Assuming completion of the Acquisitions and nil acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)

**Gearing Ratio**

Before adjusting for the Acquisitions and the Offer	1.1
After adjusting for the Acquisitions and the Offer	1.24 <sup>(1)</sup>

- (2) Assuming completion of the Acquisitions and 100% acceptances of the Offer (based on the Company's 51% shareholding interest in HG Metal PL)

**Gearing Ratio**

Before adjusting for the Acquisitions and the Offer	1.1
After adjusting for the Acquisitions and the Offer	1.33 <sup>(2)</sup>

**Notes:**

- (1) Gearing has increased as the BRC Group's borrowings have been included in the computation.
- (2) Gearing has increased given that the Company has taken on the BRC Group's borrowings as well as additional debt financing in relation to the financing of the Acquisitions and the Offer.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Sia Ling Sing, a Director, who is deemed to have an interest in the shares of HG Metal PL and the BRC Shares by virtue of his 30.07% interest in the issued share capital of Lingco Marine, which in turn has an interest of approximately 20.01% in HG Metal PL, none of the Directors or the Controlling Shareholders of the Company is interested in the Acquisitions and the Offer. Details of Mr Sia Ling Sing's interest in the shares of HG Metal PL and the BRC Shares are set out in Appendices 2 and 3 to this Circular respectively.

More information on the shareholdings and interests of the Directors and Controlling Shareholders of the Company in the HG Metal Shares is set out in Appendix 2 to this Circular.

## 8. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, no person is proposed to be appointed as a Director in connection with the Acquisitions and the Offer.

## **9. CONSENTS AND RESPONSIBILITY STATEMENT**

9.1 **Consent.** KBC, as financial adviser to the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to itself in the form and context in which they appear in this Circular.

9.2 **Responsibility Statement.** KBC, as financial adviser to the Company in respect of the Acquisitions and the Offer, acknowledges that, based on the information provided by the Company and having made reasonable enquiries and to the best of its knowledge and belief, (a) this Circular constitutes full and true disclosure of all material facts on the Acquisitions and the Offer, and (b) it is not aware that any material facts on the Acquisitions and the Offer have been omitted from this Circular (the omission of which would render any statement in this Circular misleading in any material respect). Where information has been extracted from published or publicly available sources or otherwise based on information provided by the Company, the sole responsibility of KBC has been to ensure that such information is accurately extracted from these sources or, as the case may be, reflected or reproduced in this Circular.

## **10. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 25 of this Circular (the “**Notice of EGM**”), will be held at 28 Jalan Buroh, Jurong Town, Singapore 619484, on 17 September 2008 at 9.30 a.m. for the purpose of considering and, if thought fit, passing, with or without any amendment, the resolutions set out in the Notice of EGM, which will be proposed as ordinary resolutions.

## **11. ACTION TO BE TAKEN BY THE COMPANY SHAREHOLDERS**

If a Company Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 30 Jalan Buroh, Jurong Town, Singapore 619486 not later than 9.30 a.m. on 15 September 2008. Completion and return of the Proxy Form by a Company Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

## **12. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including those who may have delegated supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular are fair and accurate and that no material facts have been omitted from this Circular.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from BRC, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The Directors jointly and severally accept responsibility accordingly.

## **13. DIRECTORS' RECOMMENDATION**

Having considered the terms and rationale of the Acquisitions and the Offer, save for Mr Sia Ling Sing who has an interest in the shares of HG Metal PL as set out in Appendix 2 to this Circular, the Directors are of the opinion that the Acquisitions and the Offer are in the interests of the Company and accordingly, recommend that the Company Shareholders vote in favour of the proposed Ordinary Resolutions at the EGM.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 30 Jalan Buroh, Jurong Town, Singapore 619486 during normal business hours, from the date of this Circular up to and including the date of the EGM:

- (a) the First SPA;
- (b) the Second SPA;
- (c) the Chapter 10 Announcement;
- (d) the Pre-Conditional Offer Announcement;
- (e) the letter of consent set out in Section 9.1 above; and
- (f) the annual report of the Company for the financial year ended 30 September 2007.

#### **15. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendices to this Circular. The consolidated financial information for the BRC Group is set out in Appendix 4 to this Circular.

Yours faithfully  
For and on behalf of the Board of Directors of  
**HG METAL MANUFACTURING LIMITED**

Wee Piew  
Chief Executive Officer

## APPENDIX 1 – INFORMATION ON THE BRC GROUP AND HG METAL PL

### 1. Information on the BRC Group

- 1.1 **Overview.** BRC was incorporated on 14 December 1938 and listed on the SGX-ST on 24 July 2000. The BRC Group is principally engaged in the following businesses:
- (a) the designing, manufacturing and marketing of steel wire mesh;
  - (b) the development and provision of prefabricated steel reinforcing products; and
  - (c) the provision of total prefabricated reinforcement solutions.
- 1.2 **Subsidiaries.** Besides Singapore, BRC has a wholly-owned subsidiary in Hong Kong, BRC China Ltd, which is dormant. BRC also has operations in China (Maanshan and Shanghai) through a 50:50 joint venture entity. The joint venture entity is Anhui BRC & Ma Steel Weldmesh Co, Ltd.
- 1.3 **Issued Share Capital.** Based on a search conducted with ACRA on the Latest Practicable Date, BRC has an issued and paid-up share capital of S\$25,105,769.70 divided into 622,542,000 BRC Shares.
- 1.4 **BRC Directors.** As at the Latest Practicable Date, the directors of BRC are Mr John David Sword, Mr Lim Siak Meng, Mr Wong Soong Kit, Mr Elias Harry @ Harry Elias Jonah and Mr Chua Kee Lock.
- 1.5 **Net Tangible Asset Value of the Sale Shares and the Offer Shares.** The net tangible asset value of the Sale Shares and the Offer Shares to be acquired by the Purchaser pursuant to the Acquisitions and the Offer is:
- (a) S\$37.5 million (based on the latest unaudited consolidated financial statements of the BRC Group for the second quarter ended 30 June 2008); and
  - (b) S\$37.4 million (based on the audited consolidated financial statements of the BRC Group for the financial year ended 31 December 2007).
- 1.6 **Additional Information.** The consolidated financial information for the BRC Group is set out in Appendix 4 to this Circular. Additional information on the BRC Group will be set out in the Offer Document.

### 2. Information on HG Metal PL

- 2.1 **Overview.** HG Metal PL is an investment holding company incorporated in Singapore on 4 July 2008. HG Metal PL is approximately 51.00% owned by HG Metal Investments, approximately 20.01% owned by Lingco Marine, approximately 9.66% owned by Chye Hin, approximately 9.66% owned by STG and approximately 9.66% owned by SSH.
- 2.2 **Issued Share Capital.** Based on a search conducted with ACRA on the Latest Practicable Date, HG Metal PL has an issued and paid-up share capital of S\$4,347 divided into 4,347 ordinary shares.
- 2.3 **Directors of HG Metal PL.** The directors of HG Metal PL are Mr Tan Chan Too, Mr Wee Piew and Mr Lee Leng Loke.

#### 2.4 Information on shareholders of HG Metal PL.

HG Metal Investments is a company incorporated in Singapore on 28 June 2004 for the purpose of investment holding. As at the Latest Practicable Date, HG Metal Investments has an issued and paid-up share capital of S\$2.00 divided into 10 ordinary shares.

Lingco Marine is a company incorporated in Singapore on 21 January 1975. Lingco Marine is involved in the business of property and investment holding and ship ownership and operations. As at the Latest Practicable Date, Lingco Marine has an issued and paid-up share capital of S\$3,078,000 divided into 3,078,000 ordinary shares.<sup>1</sup>

As at the Latest Practicable Date, 30.17% of the issued share capital of Lingco Marine is held by Mr Sia Ling Sing. Mr Sia Ling Sing is a non-executive Director and has a direct interest in 3.78% of the issued share capital of the Company and a deemed interest in 6.50% of the issued share capital of the Company (due to his shareholdings in Lingco Marine). Lingco Marine is therefore an associate of Mr Sia Ling Sing for the purposes of Chapter 9 of the Listing Manual and the investment by Lingco Marine in HG Metal PL is thus an interested person transaction under the Listing Manual (the "IPT"). However, although the value of the joint venture in HG Metal PL exceeds the thresholds in Rule 906 of the Listing Manual, approval by the Company Shareholders in relation to the IPT is not required as the IPT falls within the exception set out in Rule 916(2) of the Listing Manual.

Chye Hin is a company incorporated in Singapore on 24 October 1977. Chye Hin is involved in the manufacture of structural metal products (e.g. metal sections, corrugated sheets etc.) and the wholesale of general hardware (e.g. locks, hinges etc.). As at the Latest Practicable Date, Chye Hin has an issued and paid-up share capital of S\$5,115,000 divided into 5,115,000 ordinary shares.<sup>2</sup>

STG is a company incorporated in Singapore on 25 March 1994. STG is involved in the retail sale of spare parts and accessories for motor vehicles. As at the Latest Practicable Date, STG has an issued and paid-up share capital of S\$1,500,000 divided into 1,500,000 ordinary shares.<sup>3</sup>

SSH is a company incorporated in Singapore on 26 February 1957. SSH is involved in business relating to building materials and timber and investment holding. As at the Latest Practicable Date, SSH has an issued and paid-up share capital of S\$4,160,183 divided into 4,160,183 ordinary shares.<sup>4</sup>

#### 2.5 Additional Information. Additional information on HG Metal PL will be set out in the Offer Document.

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<sup>1</sup> The information in respect of Lingco Marine is extracted from a search conducted with ACRA on the Latest Practicable Date.

<sup>2</sup> The information in respect of Chye Hin is extracted from a search conducted with ACRA on the Latest Practicable Date.

<sup>3</sup> The information in respect of STG is extracted from a search conducted with ACRA on the Latest Practicable Date.

<sup>4</sup> The information in respect of SSH is extracted from a search conducted with ACRA on the Latest Practicable Date.

## APPENDIX 2 – INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN HG METAL SHARES AND SHARES OF HG METAL PL

### I. INTERESTS OF DIRECTORS

- (a) The interests of the Directors in the HG Metal Shares, based on information as recorded in the Register of Directors' Shareholdings of the Company maintained pursuant to Section 164 of the Companies Act, as at the Latest Practicable Date, are as follows:

Name of Director	Direct Interest		Deemed Interest	
	No. of HG Metal Shares	%	No. of HG Metal Shares	%
Tan Chan Too	21,570,125	5.08	–	–
Tan Ah Bee	19,553,954	4.60	–	–
Wee Piew	2,706,957	0.64	–	–
Lee Leng Loke	7,134,878	1.68	–	–
Sia Ling Sing <sup>(1)</sup>	16,053,333	3.78	27,587,666	6.50
Ooi Seng Soon <sup>(2)</sup>	–	–	37,333	0.01

**Notes:**

- (1) Mr Sia Ling Sing is deemed interested in the 27,587,666 HG Metal Shares held by Lingco Marine by virtue of his 30.17% shareholding in Lingco Marine.
- (2) Mr Ooi Seng Soon is deemed interested in the 37,333 HG Metal Shares held by his wife, Ms Tan Puay Hong.
- (b) The interests of the Directors in the shares of HG Metal PL, based on information as recorded in the Register of Directors' Shareholdings of HG Metal PL maintained pursuant to Section 164 of the Companies Act, as at the Latest Practicable Date, are as follows:

Name of Director	Direct Interest		Deemed Interest	
	No. of shares in HG Metal PL	%	No. of shares in HG Metal PL	%
Sia Ling Sing <sup>(1)</sup>	–	–	870	20.01

**Note:**

- (1) Mr Sia Ling Sing is deemed interested in the 870 shares in HG Metal PL held by Lingco Marine by virtue of his 30.17% shareholding in Lingco Marine.
- (a) As at the Latest Practicable Date, none of the Controlling Shareholders of the Company have any interest, direct or indirect, in the HG Metal Shares.
- (b) As at the Latest Practicable Date, none of the Controlling Shareholders of the Company have any interest, direct or indirect, in the shares of HG Metal PL.

## APPENDIX 3 – INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN BRC SHARES

### I. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests of the Director(s) in the BRC Shares are as follows:

Name of Director	Direct Interest		Deemed Interest	
	No. of shares in BRC	%	BRC	%
Sia Ling Sing <sup>(1)</sup>	–	–	437,550,000	70.28

**Note:**

- (1) HG Metal PL had on 12 August 2008 entered into the First SPA and the Second SPA in relation to its acquisition of an aggregate number of 437,550,000 BRC Shares. Mr Sia Ling Sing has a 30.17% interest in Lingco Marine, which in turn has an interest of approximately 20.01% in HG Metal PL. Accordingly, Mr Sia Ling Sing is deemed to have an interest in the 437,550,000 BRC Shares held by HG Metal PL pursuant to section 7 of the Companies Act.

### II. INTERESTS OF CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, none of the Controlling Shareholders of the Company have any interest, direct or indirect, in the BRC Shares.



## APPENDIX 4 – FINANCIAL INFORMATION OF THE BRC GROUP

The audited consolidated income statement of the BRC Group for the financial years ended 31 December 2005, 2006 and 2007 and the unaudited consolidated income statement of the BRC Group for the financial periods ended 30 June 2007 and 2008 is presented below.

### Consolidated Income Statement

\$'000	FY2007	FY2006	FY2005	HY2008	HY2007
<b>Sales</b>	130,257	101,132	76,307	120,395	50,186
Cost of sales	(116,782)	(89,346)	(65,518)	(111,763)	(45,391)
<b>Gross profit</b>	13,475	11,786	10,789	8,632	4,795
Other income	1,206	603	1,595	–	1,345
Other losses - net	(492)	(155)	–	(624)	–
Expenses					
– Distribution	(2,069)	(1,871)	(1,640)	(1,131)	(996)
– Administrative	(3,526)	(3,457)	(3,612)	(2,353)	(1,778)
– Finance	(1,052)	(780)	(246)	(739)	(485)
– Other operating expenses	(1,319)	(522)	(1,626)	(561)	(489)
Share of profit of joint venture	416	204	(46)	248	93
<b>Profit before income tax</b>	6,639	5,808	5,215	3,472	2,485
Income tax expense	(1,036)	(1,078)	(915)	(580)	(218)
<b>Net profit</b>	5,603	4,730	4,300	2,892	2,267

The audited balance sheet of the BRC Group as at 31 December 2007 and the unaudited balance sheet of the BRC Group as at 30 June 2008 is presented below.

## Balance Sheet

\$'000	As at 30 June 2008	As at 31 December 2007
<b>Current assets</b>		
Cash and cash equivalents	10,369	1,541
Trade and other receivables	52,251	35,034
Inventories	62,178	32,464
Other current assets	70	576
	124,868	69,615
<b>Non-current assets</b>		
Investment in joint venture	7,096	6,848
Available-for-sale financial assets	33	39
Property, plant and equipment	12,398	12,797
	19,527	19,684
<b>Total assets</b>	144,395	89,299
<b>Current liabilities</b>		
Trade and other payables	70,496	31,956
Current income tax liabilities	1,537	1,386
Borrowings	31,671	15,197
	103,704	48,539
<b>Non-current liabilities</b>		
Borrowings	1,879	1,975
Provision for retirement benefits	384	384
Deferred income tax liabilities	975	975
	3,238	3,334
<b>Total liabilities</b>	106,942	51,873
<b>Net assets</b>	37,453	37,426
<b>Share capital and reserves</b>		
Share capital	25,105	24,768
Capital reserve	597	597
Fair value reserve	13	19
Share option reserve	1,571	1,469
Foreign currency translation reserve	(550)	(364)
Retained earnings	10,717	10,937
	37,453	37,426

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)  
(Incorporated in the Republic of Singapore)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of HG Metal Manufacturing Limited (the “**Company**”) will be held at 28 Jalan Buroh, Jurong Town, Singapore 619484 on 17 September 2008 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

### ORDINARY RESOLUTIONS:

#### APPROVAL FOR THE ACQUISITIONS AND THE OFFER

That:

- (1) the acquisition by HG Metal Pte. Ltd. (a 51% owned subsidiary of the Company) (“**HG Metal PL**”) of the First Tranche Sale Shares (as defined in the circular (the “**Circular**”) to shareholders of the Company dated 1 September 2008) and the Second Tranche Sale Shares (as defined in the Circular) pursuant to the First SPA (as defined in the Circular) and the Second SPA (as defined in the Circular) respectively (the “**Acquisitions**”), be and are hereby approved, ratified and affirmed, and the directors of HG Metal PL be and are hereby authorised to enter into the First SPA and Second SPA on such terms and conditions as they may deem fit;
- (2) the pre-conditional mandatory offer by HG Metal PL for all the shares in the share capital of BRC Asia Limited not already owned, controlled or agreed to be acquired directly or indirectly by HG Metal PL (the “**Offer**”) (particulars of which are provided in the Circular) be and is hereby approved and the directors of HG Metal PL be and are hereby authorised to make and implement the Offer on the terms and conditions set out in the Pre-Conditional Offer Announcement (as defined in the Circular) or on the terms and conditions of any revised or extended Offer; and
- (3) the directors of HG Metal PL and each of them be and is hereby authorised to complete and to do all such acts and things (including, without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document) as they or he/she may consider desirable, expedient or necessary in connection with the Acquisitions and the Offer (or the transactions contemplated thereby or to give effect to the above Resolutions (including waiving, extending or revising any of the terms and conditions (including the revision of the offer price) of the Offer).

Dated this 1<sup>st</sup> day of September 2008

BY ORDER OF THE BOARD

Jasmine Foong  
Company Secretary  
Singapore

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 30 Jalan Buroh, Jurong Town, Singapore 619486 not less than 48 hours before the time appointed for the EGM.

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# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)  
(Incorporated in the Republic of Singapore)

## IMPORTANT : FOR CPF INVESTORS ONLY

1. This Circular is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the meeting as OBSERVERS have to submit their request through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar (Please see Note 9 below.)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of HG Metal Manufacturing Limited (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing the person or either or both of the persons referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held on 17 September 2008 at 28 Jalan Buroh, Jurong Town, Singapore 619484 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	Number of Votes For**	Number of Votes Against**
<b>Ordinary Resolutions</b> Approval for the Acquisitions and the Offer				

\* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Shares in:	Number of Shares
(a) Depository Register	
(b) Register of Members	
Total	

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS FORM



Notes:

1. A Member of the Company entitled to attend and vote at the meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a Member of the Company.
2. Where a Member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument of proxy must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by its duly authorised officer or attorney or executed under its common seal.
4. A body corporate which is a member may also appoint by resolution of its directors or other governing body, an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on behalf of such body corporate.
5. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 30 Jalan Buroh, Jurong Town, Singapore 619486, not less than 48 hours before the time fixed for holding the meeting.
6. Please insert the number of shares held by you and registered in your name in the Register of Members and in the Depository Register of The Central Depository (Pte) Limited. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by you.
7. Any alteration made in this form must be initialed by the person who signs it.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a Member whose Shares are entered against his/her name in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if such Member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of the CPF Investors who wish to attend the meeting as Observers are requested to submit in writing, a list with details of the investors' names, NRIC/passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Registrar, M&C Services Pte Ltd, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, at least 48 hours before the time fixed for holding the meeting.

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*PROXY FORM*

Please Affix Postage
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The Company Secretary  
**HG METAL MANUFACTURING LIMITED**  
30 Jalan Buroh  
Jurong Town  
Singapore 619486

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3RD FOLD HERE

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FOLD THIS FLAP FOR SEALING