

**CIRCULAR DATED 12 JUNE 2024**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

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

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.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

This Circular is circulated to the Shareholders. Its purpose is to explain to the Shareholders the rationale and provide information relating to, and to seek Shareholders' approval, for the Proposed Placement (as defined herein) to be tabled at the EGM of the Company to be held on Thursday, 27 June 2024 at 10.00 a.m. at 28 Jalan Buroh, Singapore 619484. The Notice of EGM and the Proxy Form are enclosed with this Circular.

If you have sold or transferred all or any of your ordinary shares in the capital of the Company (the "Shares"), you should immediately inform the purchaser or transferee or the bank, stockbroker or agent through whom you effected the sale or transfer, for onward notification to the purchaser or transferee, that this Circular (together with the Notice of EGM (as defined herein) and the accompanying Proxy Form (as defined herein) may be accessed on SGXNET (<https://www.sgx.com/securities/company-announcements>) or the Company's website at (<https://hgmetal.listedcompany.com/newsroom.html>).



**HG METAL**

## **HG METAL MANUFACTURING LIMITED**

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

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

**THE PROPOSED PLACEMENT OF UP TO 50,130,000 NEW ORDINARY SHARES  
IN THE CAPITAL OF THE COMPANY  
AT THE PLACEMENT PRICE OF S\$0.266 PER PLACEMENT SHARE**

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	25 June 2024 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	27 June 2024 at 10.00 a.m.
Place of Extraordinary General Meeting	:	28 Jalan Buroh, Singapore 619484

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## DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Announcement Date”</b>	:	25 March 2024, being the date of the announcement made by the Company in connection with the Proposed Placement
<b>“Board”</b>	:	The board of Directors of the Company as at the Latest Practicable Date
<b>“BRC”</b>	:	BRC Asia Limited
<b>“Business Day”</b>	:	A day (excluding Saturdays, Sundays and gazetted public holidays) on which banks are open for business in Singapore
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 12 June 2024
<b>“Companies Act”</b>	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	HG Metal Manufacturing Limited
<b>“Competition Act”</b>	:	The Competition Act 2004 of Singapore, as amended, modified or supplemented from time to time
<b>“Constitution”</b>	:	The constitution of the Company, as the same may be amended, varied or supplemented from time to time
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless the SGX-ST determines otherwise); or  (b) in fact exercises control of the Company
<b>“CPF”</b>	:	Central Provident Fund
<b>“CPF Agent Banks”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS

<b>“Cut-Off Date”</b>	:	24 December 2024 (or such other date as may be agreed in writing between the Company and Esteel)
<b>“Directors”</b>	:	A director of the Company as at the Latest Practicable Date
<b>“EGM” or “Extraordinary General Meeting”</b>	:	The extraordinary general meeting of the Company to be convened, notice of which is set out on pages N-1 to N-3 of this Circular
<b>“Encumbrance”</b>	:	Any form of legal, equitable or security interest of any person, including, without limitation to any right to acquire, right of pre-emption, any mortgage, pledge, lien (including without limitation any unpaid vendor’s lien or similar lien), option, charge (whether fixed or floating), assignment of rights and receivables, debentures, right of first refusal, hypothecation, title retention or conditional sale agreement, lease, hire or hire purchase agreement, restriction as to transfer, use or possession, easement, subordination to any right of any other person, or other agreement or arrangement which has the same or a similar effect to the granting of security, encumbrance or a security interest
<b>“First Tranche Completion”</b>	:	The completion of the subscription of the First Tranche Placement Shares by the Subscriber in accordance with the terms of the Placement Agreement
<b>“First Tranche Completion Date”</b>	:	The date falling three Business Days following the date on which the last of the conditions precedent in the Placement Agreement which must be satisfied or waived by the Company or the Subscriber (as the case may be) by the Cut-Off Date (or such other date as the Parties may agree in writing) and which are set out in further detail in Section 2.3(c) of the Circular
<b>“First Tranche Placement”</b>	:	The placement of the First Tranche Placement Shares
<b>“First Tranche Placement Shares”</b>	:	The 16,130,000 new Shares to be allotted and issued by the Company to Esteel subject to the terms and conditions of the Placement Agreement
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Latest Practicable Date”</b>	:	6 June 2024, being the latest practicable date prior to the publication of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“Notice of EGM”</b>	:	The notice of EGM as set out on pages N-1 to N-3 of this Circular

<b>“NTA”</b>	:	Net tangible assets
<b>“Parties”</b>	:	The Company and the Subscriber collectively, and individually, a <b>“Party”</b>
<b>“Placement Agreement”</b>	:	The conditional placement agreement dated 25 March 2024 entered into between the Company and the Subscriber
<b>“Placement Price”</b>	:	S\$0.266 per Placement Share
<b>“Placement Shares”</b>	:	The First Tranche Placement Shares and the Second Tranche Placement Shares
<b>“Proposed Placement”</b>	:	The proposed placement of up to 50,130,000 new Shares in the capital of the Company at the Placement Price for each Placement Share
<b>“Proposed Resolution”</b>	:	The ordinary resolution for the Proposed Placement
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as enclosed to the Notice of EGM
<b>“Register of Members”</b>	:	The register of members of the Company
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>“SFA”</b>	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Second Tranche Completion”</b>	:	The completion of the subscription of the Second Tranche Placement Shares in accordance with the terms of the Placement Agreement
<b>“Second Tranche Completion Date”</b>	:	The date falling three Business Days following the date on which the last of the conditions precedent in the Placement Agreement which must be satisfied or waived by the Company or the Subscriber (as the case may be) by the Cut-Off Date (or such other date as the Parties may agree in writing) and which are set out in further detail in Section 2.3(d) of the Circular
<b>“Second Tranche Placement”</b>	:	The placement of the Second Tranche Placement Shares
<b>“Second Tranche Placement Shares”</b>	:	mean the 34,000,000 new Shares to be allotted and issued by the Company to Esteel subject to the terms and conditions of the Placement Agreement

<b>“Shareholders”</b>	:	Persons who are registered as holders of Shares in the register of members of the Company except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall mean the Depositors who have Shares credited to their Securities Accounts
<b>“Share Registrar”</b>	:	The share registrar of the Company, being Tricor Barbinder Share Registration Services
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“SRS Agent Banks”</b>	:	Agent banks included under the SRS
<b>“SRS Investors”</b>	:	Investors who purchase Shares pursuant to the SRS
<b>“Subscriber” or “Esteeel”</b>	:	Green Esteeel Pte. Ltd.
<b>“Substantial Shareholder”</b>	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
<b>“\$” or “S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“%” or “per cent.”</b>	:	Per centum or percentage

**Depositors, etc.** The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meaning ascribed to them respectively in Section 81SF of the SFA.

**Genders.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**Rounding.** Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

**Shareholders.** References to **“you”**, **“your”** and **“yours”** in this Circular are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Circular 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, the SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

**Subsidiary and Related Corporation.** References to “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

**Shares.** Unless the context otherwise requires, references in this Circular to the total number of Shares is a reference to a total of 150,356,441 Shares in issue as at the Latest Practicable Date. As at the Latest Practicable Date, the Company holds 5,314,330 Shares in treasury and there are no subsidiary holdings.

**Time and Date.** Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

**Legal Adviser.** Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposed Placement.

# LETTER TO SHAREHOLDERS

## HG METAL MANUFACTURING LIMITED

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

### Directors

Ong Hwee Li (*Independent Non-Executive Chairman*)  
Xiao Xia (*Executive Director and Chief Executive Officer*)  
Ong Lizhen, Daisy (*Independent Non-Executive Director*)  
Ng Chuey Peng (*Independent Non-Executive Director*)

### Registered Office:

28 Jalan Buroh  
Singapore 619484

12 June 2024

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

Dear Sir/Madam

### **PROPOSED PLACEMENT OF UP TO 50,130,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT THE PLACEMENT PRICE OF S\$0.266 PER PLACEMENT SHARE**

#### **1. INTRODUCTION**

- 1.1 The Directors are convening an EGM to be held on 27 June 2024 to seek the approval of the Shareholders for the allotment and issue of up to 50,130,000 Placement Shares to the Subscriber pursuant to the Proposed Placement.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Placement and to seek Shareholders' approval in relation thereto at the EGM. The Notice of EGM is set out on pages N-1 to N-3 of this Circular.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

#### **2. THE PROPOSED PLACEMENT**

##### **2.1 Background**

On 25 March 2024, the Company announced that it had entered into the Placement Agreement with the Subscriber. Subject to and in accordance with the terms and conditions of the Placement Agreement, the Company had agreed to allot and issue to the Subscriber, over two tranches, up to 50,130,000 new Shares (the "**Placement Shares**") at an issue price of S\$0.266 for each Placement Share ("**Placement Price**"), amounting to an aggregate subscription price of S\$13,334,580.

As at the Announcement Date, the Subscriber held 8,010,000 Shares ("**Subscriber Existing Shares**"), representing approximately 5.33% of the then existing issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings).

The Proposed Placement is undertaken by way of an exempt offering in Singapore in accordance with Section 275 of the SFA. As such, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Proposed Placement.



Based on the issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date:

- (a) the First Tranche Placement Shares represent approximately 10.7% of the existing issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings);
- (b) the First Tranche Placement Shares and the Subscriber Existing Shares will represent approximately 14.5% of the total enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) upon completion of the First Tranche Placement;
- (c) the Second Tranche Placement Shares represent approximately 22.6% of the existing issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings); and
- (d) the First Tranche Placement Shares, Second Tranche Placement Shares and Subscriber Existing Shares will represent approximately 29.0% of the total enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) upon completion of the Second Tranche Placement.

Upon completion of the Proposed Placement, the Subscriber will hold in aggregate up to 58,140,000 Shares, representing in aggregate approximately up to 29.0% of the total enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) and become the largest Shareholder.

## 2.2 Rationale for the Proposed Placement

Reference is made to the Company's announcement dated 12 January 2024 ("**Use of Proceeds Announcement**") on the use of proceeds of approximately S\$6.89 million from the issue of an aggregate of 25,059,406 Shares pursuant to the placement announced by the Company on 31 August 2023 and completed on 19 September 2023 ("**2023 Placement**"), of which it was announced in the Use of Proceeds Announcement that S\$2,183,000 had been utilised on general working capital consisting of trade payments for the purchase of inventory. As of the Latest Practicable Date, the use of proceeds of the 2023 Placement remains as disclosed in the Use of Proceeds Announcement. In connection with the foregoing, the Company has decided to undertake the Proposed Placement to increase resources available to the Company for its operational needs, reduce the Group's dependence on debt financing and further strengthen the Group's financial position.

The 2023 Placement and the Proposed Placement are strategically aimed at positioning the Group for business opportunities in the mid to long term, taking into account its working capital and capital expenditure requirements, the Company's expectations of geopolitical and market conditions, the trading liquidity of the Company's shares and overall market trading liquidity and the commercial advantages and synergies of having a closer relationship with Green EsteeL Pte Ltd ("**EsteeL**"), being majority shareholder of the Company's main supplier, BRC Asia Limited ("**BRC**"), which is itself also listed on the Mainboard of the SGX-ST. This unique alignment presents opportunities for new collaborations and operational synergies, bolstering the Company's market position. The Proposed Placement will provide funds for expansion opportunities the Group is looking into. The Proposed Placement will result in an injection of funds into the Company to fund capital expenditures for the growth of the Group's business and for general working capital purposes as well as other business expansion needs. The Company will also tap on EsteeL for strategic business opportunities which are aligned to the business operations of the Group. In determining the 2023 Placement and the Proposed Placement, the Board considered

multiple factors salient and pertinent to the Group, including its working capital and capital expenditure requirements, historical share price performance, market conditions (including trading liquidity of the Company's shares and overall market trading liquidity) and challenges, certainty and costs of fundraising, longer term growth opportunities and value creation, synergies with investors, and arm's length negotiations. While the rationale and factors determining the Proposed Placement align closely with the Company's rationale for undertaking the 2023 Placement, the Company has also given significant weight to the advantages and synergies associated with inviting Esteel as a key strategic investor in the Company.

The estimated net proceeds of the Proposed Placement is approximately S\$13.15 million ("**Placement Proceeds**"), representing approximately 98.65% of the estimated gross proceeds of the Proposed Placement, which will be applied to fund capital expenditures for the growth of the Group's business and for general working capital purposes as well as other business expansion needs, with the balance applied towards estimated fees and expenses (including listing and application fees, professional fees and other miscellaneous expenses) of approximately S\$180,000.

The Company will make periodic announcements on the use of the Placement Proceeds as and when the proceeds are materially disbursed and provide a status report on the use of the Placement Proceeds in the Company's financial results announcements and annual reports. The Company will disclose a breakdown with specific details on the use of the Placement Proceeds in such announcements and annual reports.

## 2.3 Salient Terms of the Proposed Placement

### (a) Placement Price

The Placement Price represents a discount of approximately 5.0% to the volume weighted average price of S\$0.280 per share based on trades done on the SGX-ST on 19 March 2024, being the date of the full market day on which Shares were last traded preceding the date the Placement Agreement was signed.

The Placement Price was commercially agreed between the Company and Esteel after arm's length negotiations and taking into account the financial and operating performance of the Group, prevailing share trading and market conditions, and future prospects of the Group.

### (b) Share Capital of the Company

As at the Latest Practicable Date, the Company has an issued share capital comprising 150,356,441 Shares (excluding treasury shares and subsidiary holdings). Save for the foregoing, there are no outstanding securities issued by the Company which are convertible or exchangeable for, or warrants, rights or options to purchase shares in the capital of the Company.

On First Tranche Completion, the First Tranche Placement Shares will represent approximately 9.7% of the issued Shares on an enlarged basis and Esteel will hold, approximately 14.5% of the issued Shares on an enlarged basis.

On Second Tranche Completion, assuming there is no other change to the share capital of the Company (save for the First Tranche Completion), the Second Tranche Placement Shares will represent approximately 17.0% of the issued Shares on an enlarged basis and Esteel will hold approximately 29.0% of the issued Shares on an enlarged basis.

(c) First Tranche Completion

Completion of the subscription of the First Tranche Placement Shares ("**First Tranche Completion**") pursuant to the Placement Agreement is conditional upon the satisfaction or waiver (as applicable) of the following:

- (i) the allotment and issuance of the First Tranche Placement Shares not resulting in Esteel (taking into account its existing interests in the Company) having a resultant interest of more than 14.5% of the total number of Shares on a fully diluted and enlarged basis (which, for the avoidance of doubt, shall take into account the First Tranche Placement Shares), unless otherwise agreed by the Parties and in which case, the Parties will ensure compliance with all applicable laws and regulations;
- (ii) approval of shareholders of the Company for the Proposed Placement and such other transaction contemplated in connection with the Placement Agreement as may be required under the Listing Manual being obtained at the extraordinary general meeting of the Company to be convened;
- (iii) such regulatory approvals (including approvals from the SGX-ST, the Monetary Authority of Singapore and/or the Securities Industry Council) as may be required for the transactions described in the Placement Agreement ("**Regulatory Approvals**") in relation to the First Tranche Completion being obtained, and not withdrawn or amended, on or before the date falling three business days following the date on which the last of the conditions precedents set out in this Section 2.3(c) is satisfied or waived ("**First Tranche Completion Date**") (or such other date as the Parties may agree in writing) and the compliance in full, to the satisfaction of all the relevant authorities granting such Regulatory Approvals, of all conditions (if any) attaching or in relation thereto, provided that such conditions are reasonably acceptable to the Parties;
- (iv) without prejudice to the generality of the Regulatory Approvals for the First Tranche Completion, the approval granted by the SGX-ST for the dealing in, listing of and quotation for the Placement Shares on the SGX-ST ("**Listing Approval**") having been obtained, and where such Listing Approval is subject to any conditions, (i) such conditions being reasonably acceptable to the Parties, and (ii) if such conditions are required to be fulfilled on or before First Tranche Completion, such conditions having been fulfilled on or before such date and the aforesaid approval remaining in full force and effect as of First Tranche Completion;
- (v) the First Tranche Completion not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to any Party; and
- (vi) the representations, warranties and undertakings by each Party remaining true and correct in all material respects and each of them having performed all of its obligations hereunder to be performed on or before First Tranche Completion.

In the event that any of the aforementioned conditions precedent is not satisfied or waived in accordance with the Placement Agreement on or before 24 December 2024 (or such later date as the Parties agree in writing), the Placement Agreement will terminate. Neither Party will be liable to a break fee or (or any such equivalent fee/obligation) in the event the Placement Agreement is so terminated.

(d) Second Tranche Completion

Completion of the subscription of the Second Tranche Placement Shares (“**Second Tranche Completion**”) is conditional upon the satisfaction or waiver (as applicable) of the following:

- (i) the allotment and issuance of the Second Tranche Placement Shares not resulting in Esteel (taking into account its existing interests in the Company) having a resultant interest of more than 29.0% of the total number of Shares on a fully diluted and enlarged basis (which, for the avoidance of doubt, shall take into account the Second Tranche Placement Shares), unless otherwise agreed by the Parties and in which case, the Parties will ensure compliance with all applicable laws and regulations;
- (ii) such Regulatory Approvals in relation to the Second Tranche Completion being obtained, and not withdrawn or amended, on or before the date falling three business days following the date on which the last of the conditions precedents set out in this Section 2.3(d) is satisfied or waived (“**Second Tranche Completion Date**”) (or such other date as the Parties may agree in writing) and the compliance in full, to the satisfaction of all the relevant authorities granting such Regulatory Approvals, of all conditions (if any) attaching or in relation thereto, provided that such conditions are reasonably acceptable to the Parties;
- (iii) without prejudice to the generality of the Regulatory Approvals in relation to the Second Tranche Completion, any approvals, clearances, consents, authorisations, exemptions and/or waivers from the Competition and Consumer Commission of Singapore (“**CCCS**”) that the placement of the Second Tranche Placement Shares does not infringe Section 54 of the Competition Act 2004 of Singapore (“**Competition Act**”) as may be necessary or appropriate in connection with the placement of the Second Tranche Placement Shares having been obtained and remaining in full force and effect as at Second Tranche Completion Date. This condition will be deemed fulfilled if CCCS declines to accept an application for decision pursuant to Section 57 of the Competition Act, or decides not to give a decision, on the basis that the placement of the Second Tranche Placement Shares does not constitute a merger pursuant to Section 54 of the Competition Act;
- (iv) the Listing Approval remaining in full force and effect as of Second Tranche Completion;
- (v) the Second Tranche Completion not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to any Party; and
- (vi) the representations, warranties and undertakings by each Party remaining true and correct in all material respects and each of them having performed all of its obligations hereunder to be performed on or before Second Tranche Completion.

In the event that any of the aforementioned conditions precedent is not satisfied or waived in accordance with the Placement Agreement on or before 24 December 2024 (or such later date as the Parties agree in writing), the Placement Agreement will terminate in respect of the Parties’ obligations relating to the Second Tranche Completion and the Parties will not have any obligation to proceed with the same. Neither Party will be liable to a break fee or (or any such equivalent fee/obligation) in

the event the Placement Agreement is so terminated. There is no fixed timeframe between the First Tranche Completion and the Second Tranche Completion. Particularly, the Second Tranche Completion is conditional upon, *inter alia*, any clearance from the CCCS that the Second Tranche Placement does not infringe Section 54 of the Competition Act.

(e) Esteel's rights following Second Tranche Completion

Subject to Second Tranche Completion taking place and for the duration commencing from the Second Tranche Completion Date until Esteel ceases to hold more than 15% of interests (directly and indirectly) in the Company, the Company has undertaken to Esteel that, subject to applicable laws and guidelines (including the Code of Corporate Governance 2018 of Singapore):

- (i) it will seek the prior written approval of Esteel (not to be unreasonably withheld, and which will be deemed obtained if Esteel does not respond in writing to object within three (3) business days) before resolutions are proposed at any meeting of the Company's board of directors in respect of any of the following matters:
  - (A) the adoption of, or the approval of any amendments to, the annual business plan and operating budget of the Company; and
  - (B) the approval of any expansion plan of the Company or any merger and acquisition involving the Company and/or any of its subsidiaries; and
- (ii) Esteel will at all times have the right to appoint a nominee director onto, and remove such nominee from, the Board of the Company, provided that the Board (excluding such nominee director) will have the right to require Esteel to remove such nominee, if appointed, and Esteel will comply with such request promptly.

(f) Moratorium over Placement Shares

As demonstration of its confidence and conviction in the Company, Esteel has further undertaken to observe a moratorium of 24 months from the date commencing on the later of: (i) the First Tranche Completion Date, or (ii) (if applicable) the Second Tranche Completion Date (both dates inclusive) ("**Moratorium Period**") whereby Esteel will not sell, transfer or otherwise dispose of any of its interests in the Placement Shares during the Moratorium Period.

(g) General

The Company did not appoint any placement agent for the purposes of the Proposed Placement, and no commission, fee or other selling or promotional expenses is payable or incurred by the Company in connection with the Proposed Placement, other than those incurred for administrative or professional services.

## 2.4 Use of Proceeds

Shareholders may refer to the Use of Proceeds Announcement on the use of proceeds of approximately S\$6.89 million from the issue of an aggregate of 25,059,406 Shares pursuant to the placement announced by the Company on 31 August 2023 and completed on 19 September 2023, of which it was announced in the Use of Proceeds Announcement that S\$2,183,000 had been utilised on general working capital consisting of trade payments for the purchase of inventory. As of the Latest Practicable Date, the use of proceeds of the 2023 Placement remains as disclosed in the Use of Proceeds Announcement. In connection with

the foregoing, the Company has decided to undertake the Proposed Placement to increase resources available to the Company for its operational needs, reduce the Group's dependence on debt financing and further strengthen the Group's financial position.

As stated in the Company's annual report for FY2023 ("**Annual Report**"), the Group is constantly seeking opportunities to diversify into new areas or expand to regional markets such as Malaysia, Indonesia and other Southeast Asian countries to pursue sustainable growth. However, the Company wishes to emphasise that while the Company is actively exploring opportunities, deliberations are only at a preliminary stage and nothing definitive has been reached at this juncture. The Company will, in accordance with the requirements of the SGX-ST, issue announcement(s) to update Shareholders as and when there are any material developments. The Proposed Placement will provide funds for expansion opportunities the Group is looking into. The Proposed Placement will result in an injection of funds into the Company to fund capital expenditures for the growth of the Group's business and for general working capital purposes as well as other business expansion needs, which would include, in the event the abovementioned opportunities crystallise, capital expenditure and funds injections (such as funds to be allocated to acquire machinery and businesses) required to be made by the Company to pursue such opportunities. The Company will also tap on Esteel for strategic business opportunities which are aligned to the business operations of the Group.

The estimated net proceeds of the Proposed Placement is approximately S\$13.15 million ("**Placement Proceeds**"), representing approximately 98.65% of the estimated gross proceeds of the Proposed Placement, which will be applied to fund capital expenditures for the growth of the Group's business and for general working capital purposes as well as other business expansion needs, with the balance applied towards estimated fees and expenses (including listing and application fees, professional fees and other miscellaneous expenses) of approximately S\$180,000. Please refer to the table below for the intended use of proceeds on a percentage allocation basis, which is an estimate as the use of proceeds for capital expenditure for the growth of the Group's business as well as other business expansion needs depends on appropriate opportunities being discovered and pursued by the Group.

Use of proceeds	Percentage allocation
Capital expenditure for the growth of the Group's business and as well as other business expansion needs	50%
General working capital purposes	50%

The Company will make periodic announcements as to the use of the Placement Proceeds as and when such Placement Proceeds are materially disbursed and whether such use of the Placement Proceeds is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of the Placement Proceeds in the Company's financial results announcements and annual reports. Where the Placement Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Placement Proceeds have been applied in its announcements and annual reports. Where there is any material deviation from the stated use of the Placement Proceeds, the Company will announce the reasons for such deviation.



### 3. INFORMATION ON THE SUBSCRIBER

#### 3.1 Background of the Subscriber and its shareholders

As at the Latest Practicable Date, Esteel is a substantial shareholder of the Company, holding 8,010,000 Shares. Esteel, a private company limited by shares incorporated under the laws of Singapore, is engaged in the business of investment holding, and is majority controlled by Mr. You Zhenhua (“**Mr. You**”), a Singapore businessman.

The current shareholders of Esteel are Mr. You, Advance Venture Investments Limited (a company incorporated under the laws of the British Virgin Islands), Theme International Holdings Limited (a company incorporated under the laws of Bermuda), T&J Industrial Holding Limited (a company incorporated under the laws of Hong Kong), Nuocheng International Trading & Investment Pte. Ltd. (a company incorporated under the laws of Singapore), ZNL Holdings Ltd (a company incorporated under the laws of the Marshall Islands), Mr. Yang Jiangyong and Jianyou International Trade Co., Limited (a company incorporated under the laws of Hong Kong), further details of which are set out in the table below:

No.	Name of shareholder of Esteel	No. of shares in Esteel	% of issued share capital of Esteel
1	Mr. You	290,365,282	39.69
2	Advance Venture Investments Limited <sup>(1)</sup>	270,484,718	36.97
3	Theme International Holdings Limited <sup>(2)</sup>	150,000,000	20.50
4	T&J Industrial Holding Limited	16,600,000	2.27
5	Nuocheng International Trading & Investment Pte. Ltd. <sup>(3)</sup>	2,000,000	0.27
6	ZNL Holdings Ltd	1,000,000	0.14
7	Yang Jiangyong	650,000	0.09
8	Jianyou International Trade Co., Limited <sup>(4)</sup>	500,000	0.07

**Notes:**

- (1) Advance Venture Investments Limited is a wholly-owned special purpose vehicle of Mr. You and is primarily engaged in the business of investment holding.
- (2) Theme International Holdings Limited is listed on the Stock Exchange of Hong Kong Limited, and is majority owned by Wide Bridge Limited, with the balance owned by public shareholders. Wide Bridge Limited is in turn 100% beneficially owned by Mr. You. Based on publicly available information, Theme International Holdings Limited and its subsidiaries are principally engaged in (i) distribution, trading and processing of bulk commodities and related products in Hong Kong, Singapore and China; and (ii) provision of securities and derivatives financial services, margin financing and fund management in Hong Kong and Singapore.
- (3) Nuocheng International Trading & Investment Pte. Ltd. is a corporate investor which is engaged in the business of general wholesale trade, and whose sole shareholder is Yu Zengqiang.
- (4) Jianyou International Trade Co., Limited is a corporate investor which is engaged in the business of wholesale of metals, and is a wholly owned subsidiary of Henan Yaxin Steel Group Co. Ltd. (in turn beneficially owned by 5 individuals, namely, Li Jingzhong, Lin Yiwu, Lin Yiqun, Lin Yitan and Lin Yiqin).

The directors of Esteel as at the Latest Practicable Date are Mr. You, Mr. Jiang Hairong and Mr. Wu Lei.

Among its investments, Esteel holds a majority interest in the shares of BRC. BRC has been supplying raw materials, commodities and intermediate goods, comprising steel, steel products, steel-related products and services and steel by-products to the Company since 2008, and is currently one of its main suppliers.

None of Esteel, its directors and shareholders, or its respective associates (as defined in the Listing Manual) is related to and/or has any business relationship with the Directors or substantial shareholders of the Company, save that: (i) BRC and its subsidiaries are one of the Group's main suppliers in the ordinary course of business; and (ii) Ms. Xiao Xia, the Executive Director and Chief Executive Officer of the Company, was previously a commodities trader employed by companies related to Esteel and Mr. You. Ms. Xiao Xia left her previous employment on good terms in 2023, and had since ceased any involvement whatsoever in the business activities of those entities. Leveraging her extensive experience and knowledge in the steel related businesses, she invested in the Company in March 2023, becoming its Executive Director and Chief Executive Officer.

The Board had invited Esteel to consider making an investment in the Company, taking into consideration Esteel's strong financials, sizeable steel industry-related investments and extensive business connections, which are value propositions for the Company. The Company is familiar with Esteel, given its market presence and relationship with BRC, a major supplier of the Group. The Company also conducted due diligence investigations on the incorporation and status of Esteel and conducted desktop checks on Esteel, its existing shareholders and directors as listed in Esteel's corporate profile maintained by ACRA. No material adverse findings arose from such checks. Presently, there are no transactions being undertaken between Esteel and its shareholders with the Group. Based on publicly available information, Esteel holds a majority of the total issued shares (excluding treasury shares) in BRC. Upon completion of the Second Tranche Placement, transactions between the Company and BRC would constitute interested person transactions. The Company will continue to monitor and assess any potential transactions to comply with the Listing Manual, including without limitation, Chapter 9 relating to interested person transactions. In particular, where the Company deems it necessary, the Company will also procure an interested person transaction mandate for the Company to undertake recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the BRC group.

Prior to inviting Esteel to consider investing in the Company, the Company had assessed, and is of the view that there are no material and irreconcilable conflicting interests in respect of its current businesses vis-à-vis those being carried on by Esteel's investee companies.

Based on information provided by Esteel, the businesses of Esteel's investee companies are primarily focused on the upstream supply chain, such as short process steelmaking, nickel resources, third process steelmaking and green pig iron. The Company's businesses are concentrated principally at the downstream of the supply chain i.e. the distribution of structural steel products, and the processing and distribution of reinforcing steel products such as reinforcing steel bars, cut and bend reinforcing steel bars, rebar mechanical splice and thread, steel welded wire meshes, and prefabricated reinforcing steel products, which includes prefabricated cages.

While Esteel has an investment in BRC (which also engages in, amongst others, the processing and distribution of reinforcing steel products), Esteel has however assured the Company that BRC's board of directors and management independently make strategic and commercial decisions on BRC's businesses, as required under the Code of Corporate Governance 2018 of Singapore and directors' duties under the Companies Act, without Esteel having any control over such decisions.



Subsequent to Esteel's investment in the Company, while Esteel will have certain limited rights relating to the annual business plan, operating budget and expansion plan of the Company as well as the appointment of a nominee director, the Company will remain independently managed by the Company's board of directors and management, who will continue to exercise their fiduciary duties in the best interests of the Company. As stated above, BRC is also already a main supplier of the Company, and has been an important business partner of the Company since 2008. For the avoidance of doubt, Esteel does not have such rights in BRC.

The Company therefore assesses that it will benefit from having Esteel as a substantial shareholder, as it will be able to tap on the latter's strong financials, investments in the steel industry, track record and extensive business network, for its own benefit.

While Esteel would, following Second Tranche Completion, have the right to nominate one director to the Board, the Board would, based on its current composition, continue to comprise a majority of independent directors. Esteel's right to appoint a nominee director is subject to the Second Tranche Completion taking place, and it continuing to hold more than 15% interests (directly or indirectly) in the Company. The Board has the right to approve or reject any candidate put forth by Esteel (including the right to ask for his removal subsequently). Esteel's nominee director will serve in a non-executive capacity, and the Board will not accept any person nominated by Esteel who may have been involved in BRC's businesses directly or indirectly. Further, such nominee director will be required to recuse from any matters relating to the Company's business activities with BRC. The Board will also, as and when it considers appropriate, implement additional controls to ensure that the Company's interests are protected, whilst benefiting from Esteel's participation as a substantial shareholder. If there are instances of similar or overlapping business interests or contractual relationships, the Company will also take proactive measures to mitigate associated risks through the following steps:

- (a) Identification and treatment of interested person transactions: The Company will identify and monitor transactions with interested persons in accordance with the Listing Manual, including Chapter 9 relating to interested person transactions. The Company currently maintains a list of suppliers and customers of the Group, which is reviewed against the associates of each of the Company's Directors, CEO and controlling shareholders for the purposes of monitoring interested person transactions. This list will expand to Esteel and those considered its associates.
- (b) Mitigation measures: If there are recurrent transactions with Esteel and its shareholders in question, to the extent they constitute interested person transactions, the Company will assess and consider procuring an interested person transaction mandate for the Company, which will also formalise the conflict mitigation measures, such as benchmarking of transaction prices or otherwise. As required under Rule 920 of the Listing Manual, the Company will also seek the opinion of an independent financial adviser on whether the methods or procedures for determining such transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.
- (c) Stakeholder engagement: The Company will also keep investors informed by complying with the ongoing disclosure requirements, including providing periodic updates on interested person transactions undertaken during each financial year in its financial statements and annual reports.

### 3.2 Shareholdings of the Subscriber

Immediately prior to the Subscriber's entry into the Placement Agreement on 25 March 2024, the Subscriber held 8,010,000 Shares, representing approximately 5.33% of the existing issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings). Following First Tranche Completion, the Subscriber will hold in aggregate 24,140,000 Shares, representing in aggregate approximately 14.50% of the total enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings).

Following Second Tranche Completion, the Subscriber will hold in aggregate 58,140,000 Shares, representing in aggregate approximately 29.00% of the total enlarged issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings), and will therefore become a Controlling Shareholder of the Company.

## 4. APPROVALS FOR THE PROPOSED PLACEMENT

### 4.1 Shareholders' Approval for the Proposed Placement

- (a) With respect to the Proposed Placement, the Company is seeking approval from Shareholders in relation to the following:
  - (i) pursuant to Rule 812(1) of the Listing Manual, an issue must not be placed to, *inter alia*, an issuer's directors and substantial shareholders. Rule 812(2) of the Listing Manual further provides that Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained;
  - (ii) pursuant to Rule 803 of the Listing Manual, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting; and
  - (iii) pursuant to Rule 805(1) of the Listing Manual and Section 161 of the Companies Act, an issuer must obtain prior approval of shareholders in general meeting for, *inter alia*, the issue of shares.
- (b) As the Subscriber (i) is a Substantial Shareholder of the Company, it will fall within the categories of restricted placees set out in Rule 812(1) of the Listing Manual and (ii) will become a Controlling Shareholder of the Company upon the Second Tranche Completion. Therefore, in accordance with Rules 812(2) and 803 of the Listing Manual, approval from Shareholders is required for the allotment and issue of the Placement Shares to the Subscriber pursuant to the Proposed Placement.
- (c) The Company will not be relying on its existing general share issue mandate approved by Shareholders by way of an ordinary resolution at the annual general meeting of the Company held on 26 April 2024 for the allotment and issue of the Placement Shares. The Proposed Placement will be made pursuant to a specific mandate in accordance with Rule 805(1) of the Listing Manual and Section 161 of the Companies Act.
- (d) Accordingly, the Company is seeking approval from Shareholders for the Proposed Placement and the allotment and issue of the Placement Shares to the Subscriber pursuant thereto at the EGM. The Subscriber and its associates will be required to abstain from voting on the resolution approving the Proposed Placement and the allotment and issue of the Placement Shares to the Subscriber.

## 4.2 Approval in-principle from the SGX-ST

- (a) The SGX-ST had on 5 June 2024 granted its approval in-principle for the listing and quotation of the Placement Shares on the SGX-ST, subject to the following conditions:
- (i) compliance with the SGX-ST's listing requirements for the Placement Shares;
  - (ii) Shareholders' approval for the Proposed Placement; and
  - (iii) submission of the following documents:
    - (A) a written undertaking from the Company that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Proposed Placement and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
    - (B) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual; and
    - (C) a written confirmation from the Company that it will not issue the Placement Shares to persons prohibited under Rule 812(1) of the Listing Manual.

The undertakings and confirmations requested in Section 4.2(a)(iii) above have been submitted to the SGX-ST.

- (b) Shareholders should take note that the approval in-principle of the SGX-ST relates only to the listing and quotation of the Placement Shares on the SGX-ST and is not to be taken as an indication of the merits of the Placement Shares, the Proposed Placement, the Company and/or its Subsidiaries.

## 5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

5.1 The *pro forma* financial effects of the Proposed Placement on the Company's share capital and the Group's net tangible assets ("NTA") per Share and loss per Share ("LPS") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following First Tranche Completion and Second Tranche Completion.

5.2 The *pro forma* financial effects have been prepared based on the audited financial results of the Group for the financial year ended 31 December 2023, on the following bases and assumptions:

- (a) the Placement Shares are fully placed out;
- (b) the Proposed Placement had been completed on 31 December 2023 for the purpose of illustrating the financial effects on the NTA;
- (c) the Proposed Placement had been completed on 1 January 2023 for the purpose of illustrating the financial effects on the LPS;
- (d) the share capital of the Company as at the date of this announcement comprising 150,356,441 Shares (excluding treasury shares and subsidiary holdings); and

- (e) the fees and expenses incurred in connection with the Proposed Placement amount to S\$180,000.

#### Share Capital

	<b>Number of Shares (excluding treasury shares and subsidiary holdings)</b>
As at the date of the Latest Practicable Date	150,356,441
After First Tranche Completion	166,486,441
After Second Tranche Completion	200,486,441

#### NTA per Share

Assuming that the Proposed Placement had been completed on 31 December 2023, the *pro forma* financial effects on the Group's NTA per Share would be as follows:

	<b>Before First Tranche Completion</b>	<b>After First Tranche Completion</b>	<b>After Second Tranche Completion</b>
NTA attributable to shareholders (S\$'000)	107,501	111,612	120,656
Number of Shares (excluding treasury shares and subsidiary holdings)	150,356,441	166,486,441	200,486,441
NTA per Share (Singapore cents)	71.50	67.04	60.18

#### **Note:**

NTA means total assets less the sum of total liabilities and intangible assets (net of non-controlling interests).

#### LPS

Assuming that the Proposed Placement had been completed on 1 January 2023, the *pro forma* financial effects on the Group's LPS would be as follows:

	<b>Before First Tranche Completion</b>	<b>After First Tranche Completion</b>	<b>After Second Tranche Completion</b>
Loss after income tax attributable to shareholders (S\$'000)	(1,018)	(1,198)	(1,198)
Weighted average number of Shares (excluding treasury shares and subsidiary holdings)	132,684,778	148,814,778	182,814,778
LPS (Singapore cents)	(0.77)	(0.81)	(0.66)

## 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 6.1 Interests of Directors

As at the Latest Practicable Date, based on the Register of Directors' shareholdings maintained by the Company, the interests in Shares held by the Directors of the Company (i) as at the Latest Practicable Date, and (ii) immediately upon issue of 50,130,000 Placement Shares (i.e. after the First Tranche Completion and the Second Tranche Completion), assuming there were no other changes to the share capital of the Company, are set out below.

Name of Director	(i) As at the Latest Practicable Date				(ii) Immediately upon issue of 50,130,000 Placement Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Ong Hwee Li	–	–	–	–	–	–	–	–
Ong Lizhen, Daisy	–	–	–	–	–	–	–	–
Ng Chuey Peng	–	–	–	–	–	–	–	–
Xiao Xia	–	–	35,642,600	23.71	–	–	35,642,600	17.78

### 6.2 Interests of Substantial Shareholders

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests in Shares held by the Substantial Shareholders of the Company are set out below.

Substantial Shareholders	(i) As at the Latest Practicable Date				(ii) Immediately upon issue of 50,130,000 Placement Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	%	No. of Shares	%
Dhu Holdings Pte Ltd	35,642,600	23.71	–	–	35,642,600	17.78	–	–
Xiao Xia	–	–	35,642,600 <sup>(2)</sup>	23.71	–	–	35,642,600 <sup>(2)</sup>	17.78
Yu Zengqiang	–	–	35,642,600 <sup>(3)</sup>	23.71	–	–	35,642,600 <sup>(3)</sup>	17.78
Xue, Jun	12,529,703	8.33	–	–	12,529,703	6.25	–	–
Zheng Dazhai	12,529,703	8.33	–	–	12,529,703	6.25	–	–
Regroup Holdings Pte. Ltd.	8,608,657	5.73	–	–	8,608,657	4.29	–	–
Yap Boon San	143,106	0.09	8,608,657 <sup>(4)</sup>	5.73	143,106	0.07	8,608,657 <sup>(4)</sup>	4.29
Green Esteel Pte. Ltd.	8,010,000	5.33	–	–	58,140,000	29.00	–	–
You Zhenhua	–	–	8,010,000 <sup>(5)</sup>	5.33	–	–	58,140,000 <sup>(5)</sup>	29.00
Advance Venture Investments Limited	–	–	8,010,000 <sup>(5)</sup>	5.33	–	–	58,140,000 <sup>(5)</sup>	29.00

**Notes:**

- (1) All references to percentage shareholding of the issued Shares of the Company in this Section 6 are rounded to the nearest two decimal places and based on the total issued Shares of the Company (i) as at the Latest Practicable Date, being 150,356,441 Shares in issue or (ii) immediately upon issue of 50,130,000 Placement Shares (i.e. after the First Tranche Completion and the Second Tranche Completion), assuming there were no other changes to the share capital of the Company, being 200,486,441 Shares in issue (as the case may be and in each case excluding treasury shares and subsidiary holdings).
- (2) Xiao Xia is deemed to be interested in the 35,642,600 Shares held by Dhu Holding Pte. Ltd., by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.
- (3) Yu Zengqiang is deemed to be interested in the 35,642,600 Shares held by Dhu Holding Pte. Ltd., by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.
- (4) Yap Boon San is deemed to be interested in the 8,608,657 Shares held by Regroup Holdings Pte. Ltd. by virtue of Section 7 of the Act.
- (5) Each of You Zhenhua and Advance Venture Investments Limited is deemed interested in the Shares held by Green Steel Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.

**7. ABSTENTION FROM VOTING**

Under Rule 812(2) of the Listing Manual, where a meeting is held to obtain shareholders' approval for a placement of shares to a Substantial Shareholder of the issuer, the Substantial Shareholder and any associate of the Substantial Shareholder must not vote on the resolution approving the placement. Accordingly, the Subscriber will abstain, and will procure that its associates will abstain, from voting on the Proposed Resolution to approve the Proposed Placement at the EGM.

Further, the Subscriber has undertaken to decline, and shall ensure that its associates decline, to accept appointment as proxies to vote and attend at the forthcoming EGM in respect of the Proposed Resolution for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his vote is to be cast at the EGM.

**8. DIRECTORS' RECOMMENDATION**

Having considered the rationale and terms of the Proposed Placement, the Directors are of the opinion that the Proposed Placement is in the best interests of the Company and is not prejudicial to the interests of the Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Proposed Resolution in respect of the Proposed Placement as set out in the Notice of the EGM at the forthcoming EGM.

**9. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is enclosed with this Circular, will be held on 27 June 2024 at 10.00 a.m. at 28 Jalan Buroh, Singapore 619484 for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM.

**10. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend and vote at the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf, should complete, sign and return the accompanying Proxy Form 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 at 28 Jalan Buroh Singapore 619484 not less than 48 hours before the time fixed for holding the EGM.

The completion and lodgement of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy or proxies if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

#### **11. INFORMATION RELATING TO CPFIS AND SRS INVESTORS**

CPFIS Investors and SRS Investors who wish to attend and vote at the EGM should approach their respective CPF Agent Banks and SRS Agent Banks to submit their votes at least seven (7) working days before the date of the EGM and are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information. If they are in any doubt as to the action they should take, CPFIS Investors and SRS Investor should seek independent professional advice.

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

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 this Circular in its proper form and context.

#### **13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 28 Jalan Buroh Singapore 619484, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution; and
- (b) the Placement Agreement.

This Circular is also available on the Company's website at (<https://hgmetal.listedcompany.com/newsroom.html>) and on SGXNET (<https://www.sgx.com/securities/company-announcements>).

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

Xiao Xia  
Executive Director and Chief Executive Officer





## HG METAL MANUFACTURING LIMITED

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

### NOTICE OF EXTRAORDINARY GENERAL MEETING

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Circular dated 12 June 2024 issued by the Company to the Shareholders.*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of HG Metal Manufacturing Limited (the “**Company**”) will be held at 28 Jalan Buroh, Singapore 619484 on 27 June 2024 at 10.00 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

#### **ORDINARY RESOLUTION: THE PROPOSED PLACEMENT**

That:

- (a) pursuant to Rule 803 of the Listing Manual, approval be and is hereby given for the allotment and issue of the Placement Shares to Green Estee Pte. Ltd., which will become a Controlling Shareholder of the Company upon completion of the Second Tranche Placement;
- (b) pursuant to Rule 812(2) of the Listing Manual, approval be and is hereby given for the allotment and issue of the Placement Shares to Green Estee Pte. Ltd., a Substantial Shareholder of the Company, being a restricted person as set out in Rule 812(1) of the Listing Manual;
- (c) approval be and is hereby given for the Company to allot and issue the Placement Shares to Green Estee Pte. Ltd., subject to and in accordance with the terms and conditions of the Placement Agreement, such allotment and issue of the Placement Shares not being in reliance on the general share issue mandate obtained from Shareholders at the annual general meeting of the Company held on 26 April 2024;
- (d) the Placement Shares be allotted and issued free from all claims, charges, liens and other encumbrances, and shall rank *pari passu* in all respects with the existing Shares as at the Completion Date, except that the Placement Shares will not rank for any dividends, distributions or entitlements, the record date for which falls on or before the date of the issue of the Placement Shares; and
- (e) the Directors and any one of them be and are hereby authorised and empowered to approve, implement, effect, complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as they or he may consider expedient, desirable, necessary or in the interests of the Company in connection with, and to give effect to, the Proposed Placement and/or this Ordinary Resolution.

BY ORDER OF THE BOARD

Wee Woon Hong  
Sim Yok Teng  
Company Secretaries  
Singapore  
12 June 2024



#### Notes:

1. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - (a) if sent personally or by post, be lodged at the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484; or
  - (b) if submitted by email, be received by the Company's Share Registrar, at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),in either case, by **10.00 a.m. on 25 June 2024** (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default, the instrument of proxy shall not be treated as valid.

#### Shareholders are strongly encouraged to submit Proxy Forms electronically via email.

3. A member (who is not a Relevant Intermediary) who is entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy, and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act 1967 (the "**Companies Act**") is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such an event, the Relevant Intermediary shall submit a list of its proxies together with the information required in the proxy form to the Company.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to appoint the Chairman of the EGM as their proxy should approach their respective CPF Agent Banks or SRS Operators, through which they hold such shares, to submit their votes at least seven (7) working days before the EGM that is by **10.00 a.m. on 18 June 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the EGM to vote on their behalf no later than the Proxy Deadline.
6. A member of the Company, which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The instrument appointing the proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 the instrument appointing a proxy or proxies.
8. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

#### Important Information

9. The member of the Company are invited to **attend physically** at the EGM. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice of EGM (the "**Notice**"), Proxy Form and the Request Form (to request for a printed copy of the Circular) (the "**documents**") have been dispatched to the shareholders. The documents are also available for downloading from SGXNET (<https://www.sgx.com/securities/company-announcements>) and the Company's website at the (<https://hgmatal.listedcompany.com/newsroom.html>).
10. The Circular has been published and is available for download or online viewing on SGXNET (<https://www.sgx.com/securities/company-announcements>) and at the Company's website at the (<https://hgmatal.listedcompany.com/newsroom.html>).
11. Printed copies of the Circular will not be mailed to the shareholders unless requested by the shareholders pursuant to a submitted request. Shareholders who wish to receive a printed copy of the Circular are required to complete the Request Form and return it to the Company by **19 June 2024** in the following manner:
  - (i) email to [egm@hgmatal.com](mailto:egm@hgmatal.com); or
  - (ii) post to the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484.

12. The members of the Company may participate in the EGM by:

- (a) attending the EGM in person;
- (b) raising questions at the EGM or submitting questions in advance of the EGM; and/or
- (c) voting at the EGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the EGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the Meeting if they are unwell.

13. Members of the Company may submit questions related to the resolution(s) to be tabled for approval for the EGM in advance of the EGM within seven (7) calendar days from the date of this Notice of EGM, (i.e., no later than **10.00 a.m. on 19 June 2024** in the following manner:

- (a) email to [egm@hgmatal.com](mailto:egm@hgmatal.com); or
- (b) post to the Company's Registered Office at 28 Jalan Buroh, Singapore 619484.

Shareholders who submit questions in advance of the EGM should provide their full name, address, contact number, email address and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited; otherwise, please state if you hold your Shares through the Central Provident Fund Investment Scheme or the Supplementary Retirement Scheme or other Relevant Intermediary), for our verification purposes.

The Company will endeavour to address all substantial and relevant questions received from members and publish its response on the SGXET and at the Company's website after **5.30 p.m. on 21 June 2024**. **Where substantially similar questions are received, the Company may consolidate such questions, and consequently not all questions may be individually addressed.** The Company will address any subsequent clarifications sought or substantial and relevant follow-up questions received after **10.00 a.m. on 19 June 2024** which have not already been addressed prior to the EGM, at the EGM itself. For questions addressed during the EGM, the responses to such questions will be included in the minutes of the EGM, which will be published on the SGXNET (<https://www.sgx.com/securities/company-announcements>) and the Company's website at the (<https://hgmatal.listedcompany.com/newsroom.html>) within one (1) month after the EGM.

**Personal data privacy:**

By submitting (a) a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or (b) submitting any question prior to the EGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities; and
- (iii) addressing relevant and substantial questions related to the resolutions to be tabled for approval at the EGM from members received before the EGM and if necessary, any subsequent clarifications sought or follow-up questions in respect of such questions

(collectively, the "**Purposes**").

The member of the Company also warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives(s) for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# HG METAL MANUFACTURING LIMITED

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

## PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

### IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Extraordinary General Meeting in person. CPF and SRS Investors who are unable to attend the Extraordinary General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Extraordinary General Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

NRIC/Passport/Company Registration No. \_\_\_\_\_

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

being a member/members\* of **HG METAL MANUFACTURING LIMITED** (the "Company") hereby appoint:

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

\*and/or (delete as appropriate)

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

or if no proxy is named, the Chairman of the Extraordinary General Meeting (the "EGM") as my/our\* proxy to attend and vote for me/us\* on my/our\* behalf at the EGM of the Company to be held at 28 Jalan Buroh, Singapore 619484 on Thursday, 27 June 2024 at 10.00 a.m. and at any adjournment thereof. I/We\* direct my/our\* proxy/proxies\* to vote for, against or abstain from voting on the ordinary resolution proposed at the EGM as indicated hereunder. 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 EGM and at any adjournment thereof. All resolutions put to the vote at the EGM shall be decided by way of poll.

No.	Resolution	<sup>1</sup> Number of Votes 'For'	<sup>1</sup> Number of Votes 'Against'	<sup>1</sup> Number of Votes 'Abstain'
1.	<b>Ordinary Resolution</b> The Proposed Placement			

<sup>1</sup> If you wish to exercise all your votes 'For', 'Against' or 'Abstain', please tick (J) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total No. of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Members(s)/Common Seal of Corporate Member

\* To delete as appropriate

All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company's circular to its Shareholders dated 12 June 2024.

#### Notes to the Proxy Form:

1. A proxy need not be a member of the Company.
2. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
3. A member (who is not a Relevant Intermediary), who is entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member who is a Relevant Intermediaries as defined under Section 181(6) of the Companies Act 1967 (the “**Companies Act**”) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such an event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

“**Relevant Intermediary**” means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of Shareholders of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investors**”) (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to appoint the Chairman of the EGM as their proxy should approach their respective CPF Agent Banks or SRS Operators, through which they hold such shares, to submit their votes at least seven (7) working days before the EGM, that is by **10.00 a.m. on 18 June 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the EGM to vote on their behalf no later than the Proxy Deadline.

This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.
8. This instrument appointing a proxy or proxies must:
  - (a) if sent personally or by post, be lodged at the Registered Office of the Company at 28 Jalan Buroh, Singapore 619484; or
  - (b) if submitted by email, be received by the Company’s Share Registrar, at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com);in either case, by **10.00 a.m. 25 June 2024** (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

#### Personal data privacy:

By submitting this proxy form, the members of the Company accept and agree to the personal data privacy terms as set out in the Notice of EGM dated 12 June 2024.