



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

PROPOSED SUBSCRIPTION OF CLASS B PREFERENCE SHARES IN EDEN FLAME SDN. BHD. AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

The Board of Directors (the “**Board**”) of HG Metal Manufacturing Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce that the Company’s wholly-owned subsidiary HG Metal Investments Pte. Ltd. has on 10 December 2025 entered into a subscription agreement with Eden Flame Sdn. Bhd. (“**Eden Flame**”) for the subscription of 18,000,000 Class B Preference Shares (“**Class B Shares**”) by the Group at an issue price of RM1.00 per Class B Share (“**Proposed Subscription**”).

2. PROPOSED SUBSCRIPTION

2.1 Information on Eden Flame

The information on Eden Flame in this paragraph was provided to the Company by Eden Flame. In respect of such information and as at the date of this announcement, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

Eden Flame is a Malaysian steel manufacturer with a plant in Pasir Gudang, Johor Bahru, which is intended to specialise in lower-carbon electric arc furnace steel. The plant is targeted to commence operation by the third quarter of 2026 and will have an estimated annual production capacity of approximately 500,000 metric tonnes. Its initial product focus is on 10 - 40 mm rebar, a high-demand segment in Southeast Asia.

2.2 Details of Class B Shares

The Class B Shares will be issued as non-redeemable, non-cumulative preference shares that carry preferential dividend rights to ordinary shares of Eden Flame. The Class B Shares are convertible into ordinary shares based on a 1:1 ratio and represent approximately 4.4% of Eden Flame’s post-completion enlarged shares (on an as-converted basis).

2.3 Consideration

The aggregate consideration payable by the Group of RM18,000,000 will be paid in the following manner:

2.3.1 RM9,000,000 on completion; and

2.3.2 RM9,000,000 payable as and when call notices are issued by Eden Flame after completion from time to time.

2.4 Funding

The subscription consideration will be funded through the Company’s internal resources from existing working capital and/or proceeds previously raised from rights issues.

3. COMPLETION

Completion of the Proposed Subscription will take place on such date as may be agreed between the Company and Eden Flame. At completion, all Class B Shares will be issued to the Company as partially paid-up Class B Shares.

4. RATIONALE FOR THE PROPOSED SUBSCRIPTION

The Group views the Proposed Subscription as part of its broader strategic initiative to strengthen its supply chain position in the regional steel market and to support a transition towards low-carbon steel solutions, given Singapore's carbon tax trajectory and the regulatory direction under the Singapore Green Plan 2030 which have accelerated market demand for greener construction materials. The Company believes having an equity stake in Eden Flame will allow the Group to have a source of reliable and competitive supply of low-carbon steel, particularly for small-diameter rebars for which there is generally demand in South-east Asia.

5. THE PROPOSED SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION

5.1 Details of the Interested Persons

As at the date of this announcement, Eden Flame is a 100%-owned subsidiary of Green Esteel Pte. Ltd. (“**Esteel**”). Esteel is a controlling shareholder of the Company which holds 52.59% of the Company's shares. Accordingly, Eden Flame is deemed to be an associate (as defined in the Listing Manual) of Esteel and the Proposed Subscription is an Interested Person Transaction (“**IPT**”) to which the requirements of Chapter 9 of the Listing Manual apply.

5.2 Thresholds under Chapter 9 of the Listing Manual

5.2.1 Under the Listing Manual:

- (a) Rule 905 requires that an immediate announcement be made where an IPT equals to or exceeds 3% of the Group's latest audited Net Tangible Assets (“**NTA**”); and
- (b) Rule 906 requires that shareholders' approval be obtained where an IPT equals to or exceeds 5% of the Group's latest audited NTA.

5.2.2 The value of the Proposed Subscription (being the amount at risk to the Company) is the subscription of RM18,000,000 (equivalent to approximately S\$5,679,667 using a conversion rate of 3.1692, being the currency exchange rate quoted by Bank Negara Malaysia on 9 December 2025 (which is the market day preceding the date of the subscription agreement). This represents 3.9% of the Group's latest audited NTA for the financial year ended 31 December 2024 of approximately S\$146,100,000, and approximately 3.7% of the Group's unaudited NTA for the financial period ended 30 September 2025 (“**FP2025**”) of approximately S\$153,197,000 as disclosed in the Company's announcement released on 18 November 2025 (“**FP2025 Results**”). Accordingly, no shareholders' approval is required for the Proposed Subscription.

5.2.3 The Company will consider if an IPT mandate with Eden Flame is required in due course to facilitate transactions in the ordinary course of business, and will seek shareholders' approval accordingly if such mandate is deemed necessary.

5.3 Total Value of IPTs

5.3.1 Excluding transactions which are less than S\$100,000 or those pursuant to the IPT mandate renewal approved by shareholders at the annual general meeting on 25 April 2025, the Group has not entered into any IPT with Esteel or its associates for the financial period ended 30 September 2025.

5.3.2 Excluding transactions which are less than S\$100,000 or those pursuant to the IPT mandate renewal approved by shareholders at the annual general meeting on 25 April 2025, there were no other interested person transactions entered by the Group for the financial period ended 30 September 2025.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Subscription computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited, prepared based on the FP2025 ⁽¹⁾ Results, are set out below:

Rule 1006	Basis	
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	NM ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares and returned shares	4.2% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable.

Notes:

- (1) FP2025 refers to the Group's unaudited consolidated financial statement covering the financial period from 1 January 2025 to 30 September 2025, the first year following the change in the Group's financial year-end from 31 December to 30 September, to align with that of its immediate and ultimate holding company, Green Esteel Pte. Ltd..
- (2) The relative figure under Rule 1006(b) is not meaningful ("NM") as the preference shares do not currently entitle the Company to participate in the net profits of Eden Flame, and the conversion into ordinary shares (which may result in an approximate 4.4% enlarged stake) is contingent. Accordingly, there is no reasonable basis to attribute net profits to the assets acquired.
- (3) Based on the subscription amount of S\$5,679,667 and the Company's market capitalisation of approximately S\$134,623,000 determined by multiplying 274,740,678 ordinary shares of the Company (excluding 5,314,330 treasury shares) as at the date of this announcement by the volume weighted average price per share of S\$0.490 as at 9 December 2025, being the market day preceding the date of the subscription agreement.

The Proposed Subscription is a "discloseable transaction" as defined in Rule 1010 of the Listing Manual which does not require the approval of shareholders of the Company as none of the relative figures exceed 20%.

7. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The financial effects of the Proposed Subscription set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Subscription and/or full conversion of the Class B Shares.

7.1 Net Tangible Assets (“NTA”) Per Share

The effect of the Proposed Subscription on the NTA per share of the Group for FP2025, assuming that the Proposed Subscription had been effected at the end of FP2025 is as follows:

	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$'000) ⁽¹⁾	153,197	153,197
Number of shares ⁽²⁾	274,740,678	274,740,678
NTA per share (Singapore cents)	55.76	55.76

Notes:

- (1) Based on the unaudited net tangible assets of the Group as at 30 September 2025, adjusted for the subscription consideration of RM18,000,000 (equivalent to S\$5,679,667).
- (2) Based on the total number of issued shares of the Company as at the date of this Announcement, excluding 5,314,330 treasury shares.
- (3) Excludes professional, legal, and administrative costs relating to the Proposed Subscription, which are expected to be minimal.

7.2 Earnings Per Share (“EPS”)

The effect of the Proposed Subscription on the EPS of the Group for FP2025, assuming that the Proposed Subscription had been effected at the beginning of FP2025 is as follows:

	Before the Proposed Subscription	After the Proposed Subscription but before the full conversion of the Convertible Loan into Conversion Shares
Net profit after income tax attributable to owners of the Company (S\$'000) ⁽¹⁾	7,337	7,337
Weighted average number of shares ⁽²⁾	274,740,678	274,740,678
Basic EPS (Singapore cents)	2.67	2.67

Notes:

- (1) Based on the unaudited financial results of the Group for FP2025.
- (2) Based on the weighted average number of Shares of the Company for FP2025, excluding 5,314,330 treasury shares.
- (3) Excludes professional, legal, and administrative costs relating to the Proposed Subscription, which are expected to be minimal.

8. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company, after taking into consideration the terms, rationale and financial effects of the Proposed Subscription, is of the opinion that the Proposed Subscription is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement in respect of Green Esteel Pte. Ltd., none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription, other than through their respective shareholdings (if any) in the Company.

10. DOCUMENTS FOR INSPECTION

A copy of the subscription agreement with Eden Flame will be made available for inspection at the registered office of the Company at 28 Jalan Buroh, Singapore 619484, during normal business hours, for a period of three months from the date of this announcement.

By Order of the Board
HG METAL MANUFACTURING LIMITED

Xiao Xia
Executive Director & Chief Executive Officer
10 December 2025