

## OFFER INFORMATION STATEMENT DATED 23 JANUARY 2009

(Lodged with the Monetary Authority of Singapore on 23 January 2009)

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

A copy of this Offer Information Statement (as defined herein) together with a copy each of the Application Form for Rights Shares and Excess Rights Shares (the “**ARE**”), the Application Form for Rights Shares (the “**ARS**”) and the Provisional Allotment Letter (the “**PAL**”) have been lodged with the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Offer Information Statement, the ARE, the ARS and the PAL. Lodgment of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Rights Issue or the Rights Shares (each term as defined herein) being offered for investment.

In-principle approval has been obtained from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Rights Shares, the Additional Warrants (as defined herein) and the Shares (as defined herein) that will be issued pursuant to the exercise of such Additional Warrants on the Main Board of the SGX-ST. The Rights Shares will be admitted to the Main Board of the SGX-ST and official quotation will commence after the Rights Shares certificates have been issued and the notification letters from The Central Depository (Pte) Limited (“**CDP**”) have been despatched.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. In-principle approval granted by the SGX-ST for the listing of and quotation for the Rights Shares, the Additional Warrants and the Shares that will be issued pursuant to the exercise of such Additional Warrants on the Main Board of the SGX-ST is not to be taken as an indication of the merits of HG Metal Manufacturing Limited (the “**Company**”), its subsidiaries, the Shares, the Rights Issue or the Rights Shares.

No Rights Shares shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgment of this Offer Information Statement with the Authority.



## HG METAL MANUFACTURING LIMITED

(Company Registration Number: 198802660D)  
(Incorporated in the Republic of Singapore on 4 August 1988)

**RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE (“RIGHTS ISSUE”) OF UP TO 241,653,006 NEW ORDINARY SHARES OF THE COMPANY (“RIGHTS SHARES”), AT AN ISSUE PRICE OF S\$0.09 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

*Manager of the Rights Issue*



### CIMB-GK Securities Pte. Ltd.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198701621D)

#### IMPORTANT DATES AND TIMES

Last date and time for splitting Rights	: 10 February 2009 at 5.00 p.m.
Last date and time for acceptance of and payment for Rights Shares	: 13 February 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications (as defined herein))
Last date and time for renunciation of and payment for Rights Shares	: 13 February 2009 at 5.00 p.m.
Last date and time for excess application and payment for Rights Shares	: 13 February 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications)

Capitalised terms used below, unless expressly stated, have the same meanings ascribed to them under the section entitled "Definitions" of this Offer Information Statement.

**For Entitled Depositors (as defined herein), acceptances of the Rights Shares and (if applicable) applications for Excess Rights Shares may be made through CDP or by way of Electronic Application at any ATM of a Participating Bank.**

**For Entitled Scripholders (as defined herein), acceptances of the Rights Shares and (if applicable) applications for Excess Rights Shares may be made through the Share Registrar of the Company, M & C Services Private Limited.**

The existing Shares of the Company are quoted on the Main Board of the SGX-ST.

Persons wishing to subscribe for the Rights Shares offered by this Offer Information Statement should, before deciding whether to so subscribe, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of, *inter alia*, the assets and liabilities, profits and losses, financial position, risk factors, performance and prospects of the Company and the Group (as defined herein) and the rights and liabilities attaching to the Rights Shares. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their stockbroker, bank manager, solicitor, accountant, tax and other professional adviser before deciding whether to acquire the Rights (as defined herein), the Rights Shares or the Shares.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement in connection with the Rights Issue or the issue of the Rights Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or CIMB-GK Securities Pte. Ltd. (the "**Manager**"). Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or the Group. Neither the delivery of this Offer Information Statement nor the issue of the Rights Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no change in the affairs of the Company or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All Entitled Shareholders and their renounees should take note of any such announcement and, upon the release of such announcement or lodgment of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

The Company and the Manager are not making any representation or warranty to any person regarding the legality of an investment in the Rights, the Rights Shares and/or the Shares by such person under any investment or any other law or regulation. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice. Each prospective investor should consult his own professional or other adviser for business, financial, legal or tax advice regarding an investment in the Rights, the Rights Shares and/or the Shares.

The Manager makes no representation, warranty or recommendation whatsoever as to the merits of the Rights Issue, the Rights Shares, the Company, the Group or any other matter related thereto or in connection therewith. Nothing in this Offer Information Statement or its accompanying documents shall be construed as a recommendation to accept or purchase the Rights, the Rights Shares or the Shares.

Prospective subscribers of the Rights Shares should rely on their own investigation of the financial condition and affairs of, and appraisal and determination of the merits of investing in, the Company and the Group and shall be deemed to have done so.

This Offer Information Statement and its accompanying documents have been prepared solely for the purpose of the acceptance and subscription of the Rights Shares under the Rights Issue, and may not be relied upon by any persons (other than Entitled Shareholders to whom it is despatched by the Company, their renounees and Purchasers (as defined herein) of the provisional allotments of Rights Shares) or for any other purpose.

This Offer Information Statement, including the ARE, the ARS and the PAL, may not be used for the purpose of, and does not constitute, an offer, invitation or solicitation to anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

**The distribution of this Offer Information Statement and/or its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of these jurisdictions. Entitled Shareholders or any other persons having possession of this Offer Information Statement and/or its accompanying documents are advised by the Company to keep themselves informed of and observe such prohibitions and restrictions.**

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## DEFINITIONS

In this Offer Information Statement, the ARE, the ARS and the PAL, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

<b>“Acertec”</b>	:	Acertec Engineering Limited
<b>“Additional Warrants”</b>	:	The additional warrants to be issued arising from adjustments made to the Warrants pursuant to the Rights Issue and in accordance with the deed poll dated 12 August 2005
<b>“AGM”</b>	:	Annual general meeting of the Company held on 22 January 2009 at 10.00 a.m. at No. 28, Jalan Buroh, Jurong Town, Singapore 619484
<b>“AISB”</b>	:	Amalgamated Industrial Steel Berhad
<b>“ARE”</b>	:	Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
<b>“ARS”</b>	:	Application and acceptance form for Rights Shares to be issued to Purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
<b>“Articles”</b>	:	The articles of association of the Company, as amended or modified from time to time
<b>“ATM”</b>	:	Automated teller machine(s) of a Participating Bank
<b>“Authority”</b>	:	Monetary Authority of Singapore
<b>“Books Closure Date”</b>	:	5.00 p.m. on 23 January 2009, being the time and date at and on which the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of the Entitled Shareholders under the Rights Issue and in the case of Entitled Depositors, at and on which their provisional allotments under the Rights Issue are determined
<b>“BRC” or “BRC Asia”</b>	:	BRC Asia Limited
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Closing Date”</b>	:	<ul style="list-style-type: none"><li>(i) 5.00 p.m. on 13 February 2009 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue through CDP or the Share Registrar; or</li><li>(ii) 9.30 p.m. on 13 February 2009 (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), being the last time and date for acceptance and/or excess application and payment of the Rights Shares under the Rights Issue through an ATM of a Participating Bank</li></ul>

<b>“Code”</b>	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>“Companies Act”</b>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Company”</b>	: HG Metal Manufacturing Limited
<b>“Convertible Loan”</b>	: A S\$10.0 million loan facility granted by OCBC Bank to the Company which was convertible into new Shares at a conversion price of S\$0.361 (and subsequently adjusted to S\$0.305 with effect from 12 February 2007, pursuant to the rights issue done in 2007) under the terms of the Convertible Loan Agreement
<b>“Convertible Loan Agreement”</b>	: A convertible loan agreement dated 15 August 2006 between the Company and OCBC Bank pursuant to which OCBC Bank granted the Convertible Loan to the Company
<b>“CPF”</b>	: Central Provident Fund
<b>“Deeds of Undertaking”</b>	: The deeds of undertaking executed by (1) Lingco Marine Pte. Ltd. and Sia Ling Sing, (2) Tan Chan Too, and (3) Lee Leng Loke and dated 25 November 2008
<b>“Directors”</b>	: The directors of the Company as at the date of this Offer Information Statement
<b>“Electronic Application”</b>	: Acceptance of the Rights Shares and (if applicable) application for Excess Rights Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of this Offer Information Statement
<b>“Entitled Depositors”</b>	: Entitled Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five (5) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<b>“Entitled Scripholders”</b>	: Entitled Shareholders whose share certificates are not deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least five (5) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
<b>“Entitled Shareholders”</b>	: Entitled Depositors and Entitled Scripholders
<b>“EPS”</b>	: Earnings per share
<b>“Excess Rights Shares”</b>	: The excess provisional allotments of Rights Shares not taken up initially by an Entitled Shareholder or Purchaser that may be applied for by another Entitled Shareholder which are in excess of the number of Rights Shares provisionally allotted to the latter

<b>“Foreign Shareholders”</b>	: Shareholders whose registered addresses with CDP or the Company, as the case may be, are outside Singapore as at the Books Closure Date and who have not, at least five (5) Market Days prior to the Books Closure Date, provided to CDP or the Company (c/o the Share Registrar), as the case may be, addresses in Singapore for the service of notices and documents
<b>“FY”</b>	: Financial year ended or, as the case may be, ending 30 September
<b>“Group”</b>	: The Company and its subsidiaries, collectively
<b>“HDB”</b>	: The Housing & Development Board
<b>“Issue Price”</b>	: The issue price of the Rights Shares, being S\$0.09 for each Rights Share
<b>“Latest Practicable Date”</b>	: 16 January 2009, being the latest practicable date prior to the printing of this Offer Information Statement
<b>“Listing Manual”</b>	: Listing Manual of the SGX-ST, as amended or modified from time to time
<b>“Manager” or “CIMB-GK”</b>	: CIMB-GK Securities Pte. Ltd.
<b>“Market Day”</b>	: A day on which the SGX-ST is open for trading in securities
<b>“Maximum Issued Share Capital”</b>	: The enlarged issued share capital of the Company comprising 483,306,013 Shares assuming all the outstanding Warrants are exercised on or before the Books Closure Date
<b>“Maximum Scenario”</b>	: Assuming all the outstanding Warrants are exercised on or before the Books Closure Date, and the full 241,653,006 Rights Shares are subscribed for
<b>“Memorandum”</b>	: The memorandum of association of the Company, as amended or modified from time to time
<b>“Minimum Scenario”</b>	: Assuming only the Undertaking Shareholders subscribe for their full entitlements of 36,579,500 Rights Shares as at 25 November 2008 under the Rights Issue pursuant to the Undertakings
<b>“Net Proceeds”</b>	: Has the meaning as prescribed in paragraph 2 of the section entitled “Key Information” of this Offer Information Statement
<b>“NSSB”</b>	: Nusajaya Steel Sdn Bhd
<b>“OCBC Bank”</b>	: Oversea-Chinese Banking Corporation Limited
<b>“Offer Information Statement”</b>	: This document together with (where the context requires) the ARE, the ARS and the PAL and all other accompanying documents, including any supplement or replacement document which may be issued by the Company in connection with the Rights Issue
<b>“PAL”</b>	: Provisional allotment letter issued to Entitled Scripholders in respect of the provisional allotments of Rights Shares under the Rights Issue
<b>“Participating Banks”</b>	: DBS Bank Ltd (including POSB), Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited

<b>“PAT”</b>	: Profit after income tax
<b>“PBT”</b>	: Profit before income tax
<b>“Purchasers”</b>	: Persons purchasing the provisional allotments of Rights Shares, and “Purchaser” refers to any one of them
<b>“Record Date”</b>	: In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company), on which Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
<b>“Rights”</b>	: Rights to subscribe for Rights Shares under the Rights Issue
<b>“Rights Issue”</b>	: The renounceable non-underwritten rights issue by the Company of up to 241,653,006 Rights Shares, at the Issue Price, on the basis of one (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, on the terms and the conditions of this Offer Information Statement.
<b>“Rights Shares”</b>	: Up to 241,653,006 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
<b>“RM”</b>	: The lawful currency of Malaysia
<b>“Securities Account”</b>	: Securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
<b>“Securities and Futures Act”</b>	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“SGXNET”</b>	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<b>“SGX-SESDAQ”</b>	: Stock Exchange of Singapore Dealing and Automated Quotation System
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	: Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
<b>“Shares”</b>	: Ordinary shares in the capital of the Company
<b>“Share Registrar”</b>	: M & C Services Private Limited
<b>“Singapore”</b>	: The Republic of Singapore



<b>“Substantial Shareholder”</b>	: A person who holds directly and/or indirectly 5.0% or more of the total issued share capital of the Company
<b>“Undertaking Shareholders”</b>	: Lingco Marine Pte. Ltd., Tan Chan Too, Sia Ling Sing and Lee Leng Loke
<b>“Undertakings”</b>	: The irrevocable undertakings given by the Undertaking Shareholders pursuant to the Deeds of Undertaking dated 25 November 2008, holding an aggregate of 73,159,002 Shares representing approximately 17.2% of the issued share capital of the Company as at 25 November 2008, to subscribe for their full entitlements of 36,579,500 Rights Shares as at 25 November 2008 under the Rights Issue
<b>“Unit Share Market”</b>	: The unit share market of the SGX-ST which allows trading of shares in single units
<b>“Warrants”</b>	: As at the Latest Practicable Date, the 58,591,452 outstanding warrants of the Company issued pursuant to the deed poll dated 12 August 2005, and adjusted on 1 March 2007 and 7 February 2008 in accordance with the deed poll, each warrant carrying the right to subscribe for one new Share at an exercise price of S\$0.32 for each warrant

#### **Currencies, units of measurement and others**

<b>“US\$”</b>	: United States of America dollars
<b>“S\$” and “cents”</b>	: Singapore dollars and cents, respectively
<b>“%”</b>	: Percentage or per centum

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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 and *vice versa*. References to **“persons”** shall, where applicable, include corporations, companies, firms, partnerships, joint ventures, associations, organisations, institutions, trusts or agencies.

Any reference in this Offer Information Statement, the ARE, the ARS or the PAL 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 Securities and Futures Act or the Listing Manual or any modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act, the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day or dates in this Offer Information Statement, the ARE, the ARS, the PAL or any such other dates and/or times as may be announced from time to time by or on behalf of the Company shall be a reference to Singapore time or dates unless otherwise stated.

Any reference to **“announcement”** of or by the Company in this Offer Information Statement includes announcements by the Company on the SGXNET.

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



## SUMMARY OF THE RIGHTS ISSUE

The following is a summary of the principal terms and conditions of the Rights Issue and is derived from, and should be read in conjunction with, the full text of this Offer Information Statement, and is qualified in its entirety by reference to information appearing elsewhere in this Offer Information Statement.

**Basis of provisional allotment** : The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares standing to the credit of the Securities Account of the Entitled Depositor or held by the Entitled Scripholder, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.

In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders will rank last in priority.

**Issue Price** : S\$0.09 for each Rights Share, payable in full on acceptance and/or application.

**Status of Rights Shares** : The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing shares, save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares.

The Rights Shares will be entitled to any dividend approved at the AGM, where the books closure date for determining members' entitlements to such dividend falls after the date of allotment and issue of the Rights Shares.

**Number of Rights Shares to be issued** : Based on the issued share capital of the Company of 424,714,561 Shares as at the Latest Practicable Date, up to 212,357,280 Rights Shares will be issued. Assuming that all the outstanding Warrants are exercised, up to 241,653,006 Rights Shares will be issued.

**Eligibility to participate in the Rights Issue** : Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement.

**Listing and trading** : In-principle approval has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares, the Additional Warrants and the Shares that will be issued pursuant to the exercise of such Additional Warrants on the Main Board of the SGX-ST, subject to, *inter alia*, (i) compliance with the SGX-ST's listing requirements; (ii) approval being obtained from the Shareholders for the Rights Issue; (iii) submission of an undertaking from the Company to make periodic announcements as and when the Rights Issue proceeds are materially deployed, providing details on the specific use of proceeds, and to provide a status report on the details on specific use of the Rights Issue proceeds in the annual report of the Company; and (iv) submission of a confirmation by the Company that in the allotment of any Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots and that Directors and Substantial Shareholders will rank last in priority.

The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Issue or the Rights Shares.

The approval of Shareholders for the Rights Issue has been obtained at an extraordinary general meeting of the Company held on 19 January 2009.

**Acceptance, excess application and payment :** The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, splitting, renunciation, excess application and payment by Entitled Scripholders are set out in Appendices 4, 5 and 6 to this Offer Information Statement.

**Estimated net proceeds :** Assuming the Rights Issue is fully subscribed, the estimated Net Proceeds (as defined herein) of the Rights Issue (after taking deducting estimated expenses of approximately S\$0.3 million) are expected to be approximately S\$18.8 million assuming none of the outstanding Warrants are exercised on or before the Books Closure Date, and approximately S\$21.4 million assuming all the outstanding Warrants are exercised on or before the Books Closure Date. Assuming that only the Undertaking Shareholders subscribe for their full entitlements of 36,579,500 Rights Shares as at 25 November 2008, the estimated Net Proceeds of the Rights Issue raised from the Undertaking Shareholders will be approximately S\$3.0 million.

**Use of Net Proceeds :** The Company intends to utilise the Net Proceeds from the Rights Issue for general corporate and working capital requirements.

Pending deployment of the Net Proceeds for the above purposes, the Net Proceeds may be deposited with banks and/or financial institutions and/or used for investment in short-term money market and/or debt instruments, as the Directors may deem appropriate in the interests of the Group.

Given the purpose of the Rights Issue mentioned above, the Directors are of the reasonable opinion that there is no minimum amount which must be raised from the Rights Issue beyond the amount it is assured of receiving pursuant to the Undertakings.

**Non-underwritten :** The Rights Issue is not underwritten.

In view of the Undertakings from the Undertaking Shareholders, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

Please see “Undertakings” below for more details.

**Undertakings :** The Undertaking Shareholders, holding an aggregate of 73,159,002 Shares representing approximately 17.2% of the issued share capital of the Company as at 25 November 2008, had irrevocably undertaken to the Company to subscribe for their full entitlements of 36,579,500 Rights Shares as at 25 November 2008 under the Rights Issue.

**Use of CPF Funds :** Members under the CPF Investment Scheme – Ordinary Account may use their CPF Ordinary Account savings (subject to the availability of investible savings) (“**CPF Funds**”) for the payment of the Issue Price to subscribe for the provisional allotments of Rights Shares and/or apply for Excess Rights Shares, if they have previously bought their Shares using CPF Funds.

Such members who wish to accept the provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Shares on their behalf in accordance with the Offer Information Statement to be despatched to Entitled Shareholders in due course. CPF Funds may not, however, be used for the purchase of provisional allotments of Rights Shares directly from the market.

**Governing law** : Laws of Singapore.

## EXPECTED TIMETABLE OF KEY EVENTS

Shares trade ex-Rights	:	21 January 2009
Books Closure Date	:	23 January 2009 at 5.00 p.m.
Despatch of Offer Information Statement (together with the ARE or the PAL, as the case may be) to Entitled Shareholders	:	30 January 2009
Commencement of trading of "nil-paid" Rights	:	30 January 2009
Last day for trading of "nil-paid" Rights	:	9 February 2009
Last date and time for splitting Rights	:	10 February 2009 at 5.00 p.m.
Last date and time for acceptance of and payment for Rights Shares	:	13 February 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications)
Last date and time for renunciation of and payment for Rights Shares	:	13 February 2009 at 5.00 p.m.
Last date and time for application and payment for Excess Rights Shares	:	13 February 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications)
Expected date for issuance of Rights Shares	:	23 February 2009
Expected date for commencement of trading of Rights Shares	:	24 February 2009

The above timetable is subject to such modifications as the Company may, in consultation with the Manager and (if necessary) with the approval of the SGX-ST and CDP, decide, subject to any limitation under any applicable laws. As at the Latest Practicable Date, the Company does not expect the timetable to be modified. The Company will announce any changes to the above timetable on the SGXNET.

## ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

### 1. ENTITLED SHAREHOLDERS

Entitled Shareholders are entitled to participate in the Rights Issue and to receive this Offer Information Statement, together with the ARE or the PAL, as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive this Offer Information Statement and the AREs may obtain them from CDP and the Share Registrar for the period up to the Closing Date. Entitled Scripholders who do not receive this Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders are provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept, decline, renounce or in the case of Entitled Depositors only, trade their provisional allotments of the Rights Shares on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to any Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors in their absolute discretion, deem fit in the interests of the Company.

**All dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system.** Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and their provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgment of the share certificates with CDP or such later date as CDP may determine.

The procedures for, and the terms and conditions applicable to, acceptances, splitting, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, are contained in Appendices 4, 5 and 6 to this Offer Information Statement and in the ARE, the ARS and the PAL.

Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP. You are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 4 Shenton Way #02-01 SGX Centre 2, Singapore 068807, at least five (5) Market Days before the Books Closure Date.

### 2. FOREIGN SHAREHOLDERS

This Offer Information Statement and its accompanying documents relating to the Rights Issue have not been and will not be registered or lodged in any jurisdiction other than in Singapore. The distribution of this Offer Information Statement and its accompanying documents relating to the Rights Issue may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislations applicable in countries other than in Singapore, the Rights Issue is only made in Singapore and this Offer Information Statement and its accompanying documents relating to the Rights Issue have not been and will not be despatched to Foreign Shareholders or into any jurisdictions outside Singapore.

**Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares has been made or will be made to Foreign Shareholders, and no purported acceptance thereof or application therefor by Foreign Shareholders will be valid.**

This Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (**"Foreign Purchasers"**). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificates(s) for the Rights Shares or which requires the Company to despatch the share certificates(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such arrangements may include the Company authorising the Manager to dispose of the provisional allotments of Rights Shares on its behalf. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them by ordinary post by means of a crossed cheque drawn on a bank in Singapore at their own risk, to their mailing addresses as maintained with CDP or the Share Registrar or in such other manner as they may have agreed with CDP for the payment of any cash distribution, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Manager, CDP or the Share Registrar in connection therewith. Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Manager, CDP or the Share Registrar in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be issued to satisfy excess applications (if any) or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Manager, CDP or the Share Registrar in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

**Notwithstanding the above, Shareholders and any other person having possession of this Offer Information Statement and its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving this Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirements in those territories.**

The Rights Shares which are not otherwise taken up or allotted for any reason or which represent fractional entitlements disregarded in accordance with the terms of the Rights Issue, shall be used to satisfy Excess Rights Shares applications as the Directors may, in their absolute discretion, deem fit. In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders will rank last in priority.



## PRINCIPAL TERMS OF THE RIGHTS ISSUE

The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares standing to the credit of the Securities Account of the Entitled Depositor or held by the Entitled Scripholder, as the case may be, on the Books Closure Date, fractional entitlements to be disregarded, at the Issue Price of S\$0.09 for each Rights Share. Entitled Shareholders are eligible to apply for additional Rights Shares in excess of their provisional allotments of Rights Shares under the Rights Issue.

The Issue Price represents (i) a discount of 25.0% to the closing price of S\$0.12 per Share on the SGX-ST on 25 November 2008, being the last trading day of the Shares on the SGX-ST prior to the announcement of the Rights Issue; and (ii) a discount of 10.0% over the last transacted price of S\$0.10 per Share on the SGX-ST as at the Latest Practicable Date.

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing shares, save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares.

The Rights Shares will be entitled to any dividend approved at the AGM, where the books closure date for determining members' entitlements to such dividend falls after the date of allotment and issue of the Rights Shares.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with entitlements not taken up or allotted for any reason, be aggregated and issued to satisfy applications, if any, for Excess Rights Shares or otherwise disposed of or dealt with in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders will rank last in priority.

As a consequence of the Rights Issue, adjustments will be made, where necessary, to the number and/or exercise price of the outstanding Warrants, in accordance with the terms and conditions set out in the deed poll constituting the Warrants. The Company will announce any adjustment to the number and/or exercise price of the outstanding Warrants on the SGXNET.

Based on the Maximum Issued Share Capital of the Company as at the Latest Practicable Date of 483,306,013 Shares, and assuming that the Rights Issue is fully subscribed, the Company will issue up to 241,653,006 Rights Shares.

In-principle approval has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares, the Additional Warrants and the Shares that will be issued pursuant to the exercise of such Additional Warrants on the Main Board of the SGX-ST. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Issue or the Rights Shares.

As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement for details on the eligibility of Shareholders to participate in the Rights Issue.

The procedures for, and the terms and conditions applicable to, acceptances, splitting, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, are contained in Appendices 4, 5 and 6 to this Offer Information Statement and in the ARE, the ARS and the PAL.

## TRADING

### 1. LISTING OF AND QUOTATION FOR RIGHTS SHARES

In-principle approval has been obtained from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Additional Warrants and the Shares that will be issued pursuant to the exercise of such Additional Warrants on the Main Board of the SGX-ST. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Issue or the Rights Shares.

Upon listing and quotation on the Official List of the SGX-ST, the Rights Shares will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Rights Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the above are available from CDP.

### 2. SCRIPTLESS TRADING

To facilitate scripless trading, Entitled Scripholders and their renouncees who wish to accept the Rights Shares provisionally allotted to them and (if applicable) apply for Excess Rights Shares, and who wish to trade the Rights Shares issued to them on the SGX-ST under the book entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names (if they do not already maintain such Securities Accounts) in order that the number of Rights Shares and, if applicable, the Excess Rights Shares that may be allotted to them may be credited by CDP into their Securities Accounts.

Entitled Scripholders and their renouncees who wish to accept and/or apply for the Excess Rights Shares and have their Rights Shares credited into their Securities Accounts must fill in their Securities Account numbers and/or National Registration Identity Card ("NRIC")/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL.

Entitled Scripholders and their renouncees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP, will be issued physical share certificates in their own names for the Rights Shares allotted to them and if applicable, the Excess Rights Shares allotted to them. Such physical share certificates, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title.

If an Entitled Scripholder's address stated in the PAL is different from his address registered with CDP, he must inform CDP of his updated address promptly, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.

A holder of physical share certificate(s) or an Entitled Scripholder who has not deposited his share certificate(s) with CDP but wishes to trade on the SGX-ST, must deposit his share certificate(s) with CDP, together with the duly executed instrument(s) of transfer in favour of CDP, and have his Securities Account credited with the number of Rights Shares or Shares, as the case may be, before he can effect the desired trade.

### 3. TRADING OF ODD LOTS

Shareholders should note that most counters on the SGX-ST trade in lot sizes of 1,000 shares. Following the Rights Issue, Entitled Shareholders who hold odd lots of Rights Shares (i.e. lots other than board lots of 1,000 Shares) and who wish to trade in odd lots of Rights Shares on the SGX-ST should note that they are able to do so on the Unit Share Market of the SGX-ST.

## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

All statements contained in this Offer Information Statement, statements made in public announcements, press releases and oral statements that may be made by the Company or its Directors, officers or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards the future or, are forward looking such as, without limitation, “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, operating results, business strategies, future plans and prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements. The Group’s actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Neither the Company, the Manager nor any other person represents or warrants that the Group’s actual future results, performance or achievements will be as discussed in those statements.

Further, the Company and the Manager disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such developments, events or circumstances occur after the lodgment of this Offer Information Statement with the Authority but before the Closing Date and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority.

The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

## **TAKE-OVER LIMITS**

The Code regulates the acquisition of ordinary shares of public companies including the Company. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% to 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% in the Company in any six-month period, must extend a take-over offer for the remaining Shares in the Company in accordance with the provisions of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights Issue should consult the Securities Industry Council and/or their professional advisers.

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES  
(OFFERS OF INVESTMENTS)  
(SHARES AND DEBENTURES) REGULATIONS 2005**

**PART II - IDENTITY OF DIRECTORS, ADVISERS AND AGENTS**

**Directors**

1. **Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.**

<b>Names of Directors</b>	<b>Address</b>
Tan Chan Too	56A Wilkinson Road Singapore 436754
Wee Piew	162 Duchess Avenue Singapore 269180
Lee Leng Loke	72 Seletar Terrace Singapore 806954
Sia Ling Sing	72 Branksome Road Singapore 439601
Gui Kim Young @ Gui Kim Gan	10 Kensington Park Drive #16-03 Kensington Park Singapore 557324
Poon Hon Thang, Samuel	8 Keppel Bay Drive #06-09 Caribbean at Keppel Bay Singapore 098639

**Advisers**

2. **Provide the names and addresses of –**

- (a) the issue manager to the offer, if any;**

CIMB-GK Securities Pte. Ltd.  
50 Raffles Place #19-00  
Singapore Land Tower  
Singapore 048623

- (b) the underwriter to the offer, if any; and**

The Rights Issue is not underwritten.

- (c) the legal adviser for or in relation to the offer, if any.**

WongPartnership LLP  
One George Street #20-01  
Singapore 049145

## Registrars and Agents

3. **Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.**

Share Registrar and Share Transfer Office : M & C Services Private Limited  
138 Robinson Road  
#17-00 The Corporate Office  
Singapore 068906

Receiving Banker : DBS Bank Ltd  
6 Shenton Way, #23-03  
DBS Building Tower 1  
Singapore 068809

## PART III - OFFER STATISTICS AND TIMETABLE

### Offer Statistics

1. **For each method of offer, state the number of the securities being offered.**

Method of offer: Renounceable non-underwritten Rights Issue of Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Number of Rights Shares to be issued: Based on the issued share capital of the Company of 424,714,561 Shares as at the Latest Practicable Date, up to 212,357,280 Rights Shares will be issued. Assuming that all the outstanding Warrants are exercised, up to 241,653,006 Rights Shares will be issued.

### Method and Timetable

2. **Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to –**

- (a) **the offer procedure; and**
- (b) **where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.**

Please see paragraphs 3 to 7 below.

3. **State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.**

Please refer to the section entitled "Expected Timetable of Key Events" of this Offer Information Statement.

The procedures for, and the terms and conditions applicable to, acceptances, splitting, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment are contained in Appendices 4, 5 and 6 to this Offer Information Statement and in the ARE, the ARS and the PAL.

As at the Latest Practicable Date, the Company does not expect the timetable under the section entitled "Expected Timetable of Key Events" of this Offer Information Statement to be modified. However, the Company may, upon consultation with the Manager and with the approval of the SGX-ST and CDP, modify the timetable subject to any limitation under any applicable laws. In that event, the Company will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST's website <http://www.sgx.com>.

**4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**

The Rights Shares are payable in full upon acceptance and/or application. Details of the methods of payment for the Rights Shares are contained in Appendices 4, 5 and 6 to this Offer Information Statement.

Please refer to the section entitled "Expected Timetable of Key Events" of this Offer Information Statement for the last date and time for payment for the Rights Shares and if applicable, Excess Rights Shares.

**5. State, where applicable, the methods of and time limits for –**

- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
- (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**

The Rights Shares will be provisionally allotted to Entitled Shareholders on or about 29 January 2009 by crediting the provisional allotments into the Securities Accounts of the respective Entitled Depositors based on their respective shareholdings in the Company as at the Books Closure Date or through the despatch of the relevant PALs to the Entitled Scripholders.

In the case of Entitled Depositors, Purchasers and Entitled Scripholders and their renounees (who have furnished valid Securities Accounts numbers in their PAL), following the receipt of their valid acceptances, excess applications and payments for the Rights Shares by the Closing Date, the Rights Shares in respect of their valid acceptances and successful excess applications will be registered in the name of CDP and held by CDP for and on their behalf. CDP will send to the relevant Entitled Shareholder and/or Purchasers a notification letter stating the number of Rights Shares that have been credited to his Securities Account. The share certificate(s) representing such number of Rights Shares are expected to be despatched within ten (10) Market Days from the Closing Date to CDP. It is expected that CDP will send to Entitled Shareholders and/or Purchasers, at their own risk within fourteen (14) days from the Closing Date, a notification letter showing the number of Rights Shares credited to the relevant Securities Account of such Entitled Shareholders and/or Purchasers.

In the case of Entitled Scripholders and their renounees with valid acceptances for Rights Shares and successful applications for Excess Rights Shares, if, *inter alia*, an incorrect or invalid or no Securities Account number is furnished in the relevant form comprised in the PAL, physical share certificate(s) representing such number of Rights Shares will be despatched to such subscribers within ten (10) Market Days from the Closing Date, at their own risk, by ordinary post to their mailing addresses in Singapore as maintained with the Share Registrar.

Please refer to Appendices 4, 5 and 6 to this Offer Information Statement and the PAL, the ARE and the ARS for further details.

**6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**

No pre-emptive rights have been offered.



7. **Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**

#### **Results of the Rights Issue**

As soon as practicable after the Closing Date, the Company will announce the results of the Rights Issue through a SGXNET announcement which will be posted on the Internet at the SGX-ST's website <http://www.sgx.com>.

#### **Manner of refund**

When any acceptance for Rights Shares and/or excess application for Excess Rights Shares is invalid or unsuccessful, the amount paid on acceptance and/or application will be returned or refunded to such applicants without interest or any share of revenue or other benefit arising therefrom within fourteen (14) days after the Closing Date by:

1. ordinary post, and in the case of a refund, by means of a crossed cheque drawn on a bank in Singapore (where the acceptance and/or application is through CDP or the Share Registrar) at their own risk to their mailing addresses as maintained with CDP or the Share Registrar or in such other manner as they may have agreed with CDP for the payment of any cash distributions; or
2. crediting their bank accounts with the relevant Participating Banks (where acceptance and/or application is through Electronic Application) at their own risk, the receipt by such bank being good discharge of the Company's and CDP's obligations.

Please refer to Appendices 4, 5 and 6 to this Offer Information Statement for details of refunding excess amounts paid by applicants.

### **PART IV - KEY INFORMATION**

#### **Use of Proceeds from Offer and Expenses Incurred**

1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**

Please see paragraphs 2 to 7 below.

2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**

Assuming that the Rights Issue is fully subscribed and based on the Maximum Issued Share Capital, the estimated net proceeds from the Rights Issue (after deducting estimated expenses of approximately S\$0.3 million ("**Net Proceeds**") is expected to be approximately S\$21.4 million.

Assuming that the Rights Issue is fully subscribed and none of the Warrants are exercised before the Books Closure Date, the estimated Net Proceeds from the Rights Issue based on the issued share capital of the Company of 424,714,561 Shares as at the Latest Practicable Date (after deducting estimated expenses of approximately S\$0.3 million) is expected to be approximately S\$18.8 million.

Assuming that only the Undertaking Shareholders subscribe for 36,579,500 Rights Shares pursuant to the Undertakings, the estimated Net Proceeds from the Rights Issue (after deducting estimated expenses of approximately S\$0.3 million) is expected to be approximately S\$3.0 million.

3. **Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**

The Company intends to utilise the Net Proceeds from the Rights Issue for general corporate and working capital requirements.

The Company will announce any material disbursement of the Net Proceeds accordingly. In addition, a status report on the use of the Net Proceeds will be provided in the Annual Report.

Pending deployment of the Net Proceeds for the above purposes, the Net Proceeds may be deposited with banks and/or financial institutions and/or used for investment in short-term money market and/or debt instruments, as the Directors may deem appropriate in the interests of the Group.

Given the purpose of the Rights Issue mentioned above, the Directors are of the reasonable opinion that there is no minimum amount which must be raised from the Rights Issue beyond the amount it is assured of receiving pursuant to the Undertakings.

4. **For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**

As the proceeds from the Rights Issue cannot currently be determined, please find below the breakdown based on the maximum proceeds that can be raised through the Rights Issue (based on the Maximum Issued Share Capital and where the Rights Issue is fully subscribed and none of the Warrants are exercised) and the minimum proceeds that will be raised in the event only the Undertaking Shareholders subscribe for Rights Shares.

Assuming that the Rights Issue is fully subscribed (based on the Maximum Issued Share Capital), and approximately S\$21.7 million is raised, for each dollar raised:

- (i) S\$0.99 will be used for general corporate and working capital requirements; and
- (ii) S\$0.01 will be used to pay for expenses incurred in connection with the Rights Issue.

Assuming that the Rights Issue is fully subscribed and none of the Warrants are exercised on or before Books Closure Date, and approximately S\$19.1 million is raised, for each dollar raised:

- (i) S\$0.98 will be used for general corporate and working capital requirements; and
- (ii) S\$0.02 will be used to pay for expenses incurred in connection with the Rights Issue.

Assuming that only the Undertaking Shareholders subscribe for 36,579,500 Rights Shares pursuant to the Undertakings, and approximately S\$3.3 million is raised, for each dollar raised:

- (i) S\$0.91 will be used for general corporate and working capital requirements; and
- (ii) S\$0.09 will be used to pay for expenses incurred in connection with the Rights Issue.

For further details relating to the use of proceeds, please refer to paragraph 3 above.

5. **If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**

Not applicable. The net proceeds from the Rights Issue will not be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business.

6. **If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**

Not applicable. The net proceeds from the Rights Issue will not be used, directly or indirectly, to acquire or refinance the acquisition of another business.

7. **If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

Not applicable. The net proceeds from the Rights Issue will not be used to discharge, reduce or retire the indebtedness of the Group.

8. **In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**

Not applicable. The Rights Issue is not underwritten and no underwriter or placement or selling agents have been appointed in relation to the Rights Issue.

#### **Information on the Relevant Entity**

9. **Provide the following information:**

- (a) **the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);**

Registered Office : No. 30 Jalan Buroh  
Jurong Town  
Singapore 619486

Telephone number : (65) 6268 2828

Facsimile number : (65) 6268 3838

- (b) **the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;**

The Company was founded in 1971 as a partnership trading in steel products. It was listed on the SGX-SESDAQ on 21 March 2002 and was subsequently upgraded to the Main Board of the SGX-ST on 7 May 2004. The Group is a premier steel stockist and manufacturer of steel products. Having been in the steel business for more than 30 years, the Group offers more than 2,000 different types of steel products of various dimensions for a wide variety of industrial and engineering applications. In addition to the manufacturing of pipes and mild steel lip channels, the Group also provides value-added services to the steel industry such as sand-blasting and slitting of stainless steel coils.

The subsidiaries of the Company and their principal activities as at the Latest Practicable Date are as follows:

<b>Name of Subsidiaries</b>	<b>Country of Incorporation/ Establishment</b>	<b>Effective Equity Held (%)</b>	<b>Principal Activities</b>
<b>Held by the Company</b>			
Jin Heng Li Hardware Sdn. Bhd.	Malaysia	59.23	Trading in all types of hardware
Oriental Metals Pte Ltd	Singapore	99.99	Trading and manufacturing of steel products
HG Metal Investments Pte Ltd	Singapore	100.00	Investment holding
<b>Held by the HG Metal Investments Pte Ltd</b>			
Niho (Singapore) Pte Ltd	Singapore	72.29	Wholesalers and distributors of various types of metals and fabricated metals
Galaxia Pte Ltd	Singapore	100.00	Trading and rental of metal plates
HG Metal Manufacturing Sdn Bhd	Malaysia	100.00	Dormant
HG Metal Pte Ltd	Singapore	51.00	Investment holding
<b>Held by Niho (Singapore) Pte Ltd</b>			
Kunshan Niho Co Ltd	People's Republic of China	72.29	Wholesalers and distributors of various types of metals and fabricated metals
Kunshan Niho Metal Co. Ltd.	People's Republic of China	72.29	Wholesalers and distributors of various types of metals and fabricated metals
<b>Held by HG Metal Manufacturing Sdn Bhd</b>			
Nusajaya Steel Sdn Bhd	Malaysia	70.00	Dormant
<b>Held by HG Metal Pte Ltd</b>			
BRC Asia Limited	Singapore	72.52	Prefabrication and trading of steel reinforcement products and manufacture and sale of wire mesh fences

- (c) the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –
- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or
  - (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;

#### **Key Developments in FY 2006**

The Group's revenue increased by 6.4% from S\$341.0 million in FY 2005 to S\$362.8 million in FY 2006 due to robust demand from both the shipbuilding and repair and construction industries. The Group's net profit increased by 167.3% from S\$5.2 million in FY 2005 to S\$13.9 million in FY 2006 due to a recovery in steel prices as well as increase in other operating income.

The Company and OCBC Bank entered into a convertible loan agreement on 13 May 2005 ("**2005 Convertible Loan Agreement**") pursuant to which OCBC Bank agreed to make available to the Company a convertible loan facility in the aggregate amount of S\$10,000,000, upon the terms and subject to the conditions therein, convertible into new Shares over a period of three years. On 15 August 2006, the Company and OCBC Bank entered into a revised convertible loan agreement (the "**Convertible Loan Agreement**") for the purpose of re-financing the 2005 Convertible Loan Agreement. Under the revised terms of the Convertible Loan Agreement, OCBC Bank agreed to make available to the Company a convertible loan facility in the aggregate amount of S\$10,000,000, upon the terms and subject to the conditions therein, convertible into new Shares.

On 15 August 2006, the Group completed its acquisition of 72.29% interest in Niho Singapore Pte Ltd which owns 100% of the effective equity interest in Kunshan Niho Co. Ltd. for a cash consideration of S\$1.5 million.

#### **Key Developments in FY 2007**

On 23 November 2006, the Company announced a proposed renounceable non-underwritten rights issue of 74,039,797 rights shares at an issue price of S\$0.20 for each rights share on the basis of two (2) rights shares for every five (5) existing shares, which was completed in March 2007. Pursuant to the rights issue, the Company announced on 12 February 2007 the adjustments to: (1) the exercise price of the Warrants from S\$0.50 to S\$0.4215, with effect from 1 March 2007; and (2) the conversion price of the Convertible Loan from S\$0.361 to S\$0.305, with effect from 12 February 2007.

On 9 January 2007, 26 February 2007, 5 April 2007, 17 April 2007 and 10 May 2007, OCBC Bank fully converted the Convertible Loan into 8,800,000, 3,300,000, 3,300,000, 6,600,000 and 9,171,147 new Shares, respectively, comprising an aggregate of 31,171,147 new Shares. On 7 February 2007, 13 March 2007, 8 May 2007, 9 June 2007 and 4 July 2007, the Company announced receipts from OCBC Bank, in accordance with the Convertible Loan Agreement, amounts of S\$379,769.86, S\$382,988.80, S\$465,916.10, S\$689,047.45 and S\$508,764.64 in relation to the disposal of 4,830,000 Shares, 3,970,000 Shares, 7,663,000 Shares, 8,376,000 Shares, and 6,332,147 Shares, respectively, by OCBC Bank. The monies were utilised by the Company for general working capital purposes.

On 18 January 2007, the Company leased a parcel of land at Jurong Port Road in Jurong Industrial Estate from JTC Corporation for a term of 28 years beginning 25 March 2007. The conditions of the lease included, *inter alia*, fixed investment criteria of a minimum of approximately S\$6.9 million for plant and machinery investment. To this end, the Company entered into a contract with LPM Projects Pte Ltd on 14 March 2008 for the construction of a warehouse and manufacturing facility at this location, to be completed over a period of approximately 3 years.

On 13 February 2007, the Company's indirectly owned subsidiary, HG Metal Manufacturing Sdn. Bhd. entered into a sale and purchase agreement with Nusajaya Industrial Park Sdn. Bhd. pursuant to which the Group acquired for a cash consideration of RM23,948,417 (approximately S\$10.5 million) five plots comprising 26.18 acres of freehold industrial land in Nusajaya Industrial Park 1 (Phase 2), Johor held under the Master Titles HS(D) 330762 PTD123287 and HS(D)330763 PTD 123288, respectively, all in the Mukim Pulai, Johor Bahru, Johor. This acquisition which was funded through internal resources would allow the Group to expand its production and warehouse capabilities.

On 22 May 2007, Mr Tian Chye Heng, one of the founders of the Company, resigned as Executive Director of the Company due to health reasons.

On 23 July 2007, the Company entered into a placement agreement (the "**Placement Agreement**") with CIMB-GK as placement agent, in connection with the placement of 37,000,000 new ordinary Shares (the "**Placement Shares**") at a placement price of S\$0.52 per Placement Share, raising a total of S\$19.2 million (the "**Placement**"). The Placement was completed on 3 August 2007. Proceeds from the Placement were used to finance the construction of the Company's warehouses at both Jurong Port Road and 30 Jalan Buroh, which is expected to add warehousing capacity of an additional 50,000 tonnes when fully completed.

### **Key Developments in FY 2008**

On 9 October 2007, the Company announced that it was awarded the Global Trader Programme status by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. This prestigious status is awarded to selected major trading companies to recognise the contribution of these companies to the Singapore economy and their global impact on their respective industries. The status carries with it a concessionary tax rate on qualified offshore income, and is awarded on basis of the company's trade turnover, business spending and commitment to the Singapore economy.

On 23 November 2007, the Company announced a proposed bonus issue of up to 120,827,048 new ordinary Shares (the "**Bonus Shares**") to be allotted and issued at nil consideration, on the basis of one (1) new Share credited as fully paid for every three (3) existing Shares held (the "**2007 Bonus Issue**"). The 2007 Bonus Issue was completed in February 2008, and the Company issued 106,177,458 Bonus Shares. As adjustments to the exercise price and number of Warrants were made pursuant to the 2007 Bonus Issue, an additional 14,647,411 Warrants were issued by the Company, and the exercise price of the Warrants was also adjusted to S\$0.32.

On 29 February 2008, the Company announced that it had entered into a memorandum of understanding with Amalgamated Industrial Steel Berhad ("**AISB**"), a company incorporated in Malaysia, having a core business of manufacturing steel pipes and listed on the Kuala Lumpur Stock Exchange, for the purpose of jointly exploring with AISB the possibilities of fostering a business working relationship and the synergising of the respective strengths of both parties by way of strategic alliance. On 27 August 2008, the Company announced that HG Metal Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Group, has entered into a joint venture agreement with Amalgamated Industrial Marketing Sdn Bhd, a wholly-owned subsidiary of AISB, to establish Nusajaya Steel Sdn Bhd ("**NSSB**") in Malaysia. The principal activities of NSSB include manufacturing and trading of steel and steel related products and services.

On 17 March 2008, the Company announced that it had entered into a memorandum of understanding with Novo Group Ltd. ("**Novo**"), a global steel supply chain management company with integrated value-added services, and that it had entered into a strategic cooperation with a subsidiary of Novo to facilitate steel operations in Singapore.



On 12 August 2008, HG Metal Pte Ltd, a 51.0% owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the **"First SPA"**) with Acertec Engineering Limited (**"Acertec"**) as vendor, pursuant to which Acertec agreed to sell and HG Metal Pte Ltd agreed to purchase 349,500,000 shares in the capital of BRC Asia Limited (**"BRC"** or **"BRC Asia"**), a company incorporated in Singapore and listed on the Main Board of the SGX-ST. The First SPA was completed on 18 September 2008, as a result of which HG Metal Pte Ltd acquired a direct interest in 349,500,000 BRC Shares, representing approximately 56.1% of the existing issued share capital of BRC, at an aggregate consideration of S\$38,445,000. The effective date of the acquisition was deemed to be on 30 September 2008.

Simultaneously with the entry by HG Metal Pte Ltd into the First SPA, HG Metal Pte Ltd entered into another conditional sale and purchase agreement (the **"Second SPA"**) with Acertec pursuant to which Acertec agreed to sell and HG Metal Pte Ltd agreed to purchase 88,050,000 BRC shares, representing approximately 14.1% of the existing issued share capital of BRC, at a consideration amounting to S\$9,685,500. Under the terms of the Second SPA, completion of the Second SPA would take place on the date falling on the expiry of 12 months after completion of the First SPA (or such other date as may be agreed between HG Metal Pte Ltd and the Acertec). The aggregate consideration for both the First SPA and the Second SPA will amount to S\$48,130,500.

Save as disclosed in this Offer Information Statement and in public announcements released by the Company, there has been no material change to the affairs of the Group during the period from 1 October 2008 to the Latest Practicable Date.

**(d) the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –**

- (i) in the case of the equity capital, the issued capital; or**
- (ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**

Issued share capital : S\$78,202,378 comprising 424,714,561 Shares  
(as at the Latest Practicable Date)

Loan capital : Nil  
(as at the Latest Practicable Date)

**(e) where –**

- (i) the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
- (ii) the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**



The interests of the Substantial Shareholders, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
Lingco Marine Pte. Ltd. <sup>(2)</sup>	28,700,666	6.8	—	—
Tan Chan Too	21,570,125	5.1	—	—
Sia Ling Sing <sup>(2)</sup>	16,053,333	3.8	28,700,666	6.8

**Note:**

- (1) Based on the issued share capital of the Company of 424,714,561 Shares as at the Latest Practicable Date.
- (2) Sia Ling Sing holds approximately 30.2% in the share capital of Lingco Marine Pte. Ltd. and is therefore deemed interested in the Shares held by Lingco Marine Pte. Ltd. by virtue of Section 7 of the Companies Act.

- (f) **any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**

As at the date of this Offer Information Statement, the Directors are not aware of any litigation or arbitration proceedings to which the Group is a party or which is pending or known to be contemplated that may have or would have had in the 12 months immediately preceding the date of lodgment of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

- (g) **where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date –**

- (i) **if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**

On 29 January 2008, the Company issued an aggregate of 5,500 Shares arising from the exercise of 5,500 Warrants at an issue price of S\$0.4215 each.

Save as disclosed above, the Company has not issued any securities or equity interests for cash within the twelve (12) months immediately preceding the Latest Practicable Date.

- (ii) **if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests; and**

Not applicable. No securities or equity interests have been issued for services within the 12 months immediately preceding the Latest Practicable Date.

- (h) **a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**

- (a) On 13 February 2007, the Company's indirectly owned subsidiary, HG Metal Manufacturing Sdn. Bhd. entered into a sale and purchase agreement with Nusajaya Industrial Park Sdn. Bhd. pursuant to which the Group acquired for a cash consideration of RM23,948,417 (approximately S\$10.5 million) five plots comprising 26.18 acres of freehold industrial land in Nusajaya Industrial Park 1 (Phase 2), Johor held under the Master Titles HS(D) 330762 PTD123287 and HS(D)330763 PTD 123288, respectively, all in the Mukim Pulai, Johor Bahru, Malaysia.
- (b) On 23 July 2007, the Company entered into a Placement Agreement with CIMB-GK pursuant to which the Company agreed to issue up to 37,000,000 Placement Shares and CIMB-GK agreed to use their best endeavours to subscribe and pay and/or procure the subscription and payment for the Placement Shares, at an issue price of S\$0.52 per Placement Share, amounting to an aggregate consideration of up to S\$19.2 million, and on the terms and conditions of the Placement Agreement.
- (c) On 12 August 2008, HG Metal Pte Ltd, a 51.0% owned subsidiary of the Company, entered into the First SPA with Acertec as the vendor, pursuant to which Acertec agreed to sell and HG Metal Pte Ltd agreed to purchase 349,500,000 shares in the capital of BRC Asia Limited, a company incorporated in Singapore and listed on the Main Board of the SGX-ST, representing approximately 56.1% of the existing issued share capital of BRC. The aggregate consideration for the 349,500,000 BRC shares amounted to S\$38,445,000. The effective date of the acquisition is deemed to be on 30 September 2008.
- (d) Simultaneously with the entry by HG Metal Pte Ltd into the First SPA, HG Metal Pte Ltd entered into the Second SPA with Acertec pursuant to which Acertec agreed to sell and HG Metal Pte Ltd agreed to purchase 88,050,000 BRC shares, representing approximately 14.1% of the existing issued share capital of BRC, at a consideration amounting to S\$9,685,500. Under the terms of the Second SPA, completion of the Second SPA would take place on the date falling on the expiry of 12 months after completion of the First SPA (or such other date as may be agreed between HG Metal Pte Ltd and the Acertec). The aggregate consideration for both the First SPA and the Second SPA will amount to S\$48,130,500.
- (e) On 14 January 2009, the Company entered into a service level agreement with CDP pursuant to which the Company appointed CDP as the processing agent in relation to the Rights Issue.

Save as disclosed above, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years immediately preceding the date of lodgment of this Offer Information Statement.

## **PART V - OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

### **Operating Results**

#### **1. Provide selected data from –**

- (a) **the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and**
- (b) **any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.**

Please refer to Appendix 2 to this Offer Information Statement.

2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
- (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
  - (b) earnings or loss per share; and
  - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

Please refer to Appendix 2 to this Offer Information Statement.

3. In respect of –

- (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and
- (b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

A review of the operation, business and financial performance of the Group for the last three financial years ended 30 September 2008 are as follows:

**FY 2008 vs. FY 2007**

**Revenue and Gross Profit**

Sales turnover for the Group for FY 2008 grew approximately S\$294.8 million or 67.3% from approximately S\$438.1 million in FY 2007 to approximately S\$732.9 million in FY 2008 on the back of strong demand for steel products from all sectors, including construction and shipbuilding and ship repair, coupled with the increase in steel prices during the financial year. As a result, the Group's gross profit margin improved significantly from approximately 11.4% in FY 2007 to approximately 16.0% in FY 2008. With the increase in gross margin, and due to the increased revenues, gross profit increased by approximately S\$67.2 million or 134.6% to S\$117.1 million from approximately S\$49.9 million in FY 2007 to approximately S\$117.2 million in FY 2008.

**Other Operating Income**

The Group's other operating income increased by approximately S\$0.8 million or 38.3% from approximately S\$2.0 million in FY 2007 to approximately S\$2.8 million in FY 2008. The main reason attributing to the increase was due to a higher write back of provision for doubtful debts made in prior years.

**Selling and Distribution Costs, Administrative Expenses and Other Operating Expenses**

In line with the increase in sales turnover, selling and distribution costs increased by approximately S\$3.2 million or 58.3% from approximately S\$5.4 million in FY 2007 to approximately S\$8.6 million in FY 2008. Administrative expenses, on the other hand, remained relatively unchanged in FY 2008 compared to FY 2007. Other operating expenses increased by approximately S\$58.9 million or

2617.9% from approximately S\$2.3 million in FY 2007 to approximately S\$61.2 million in FY 2008. The significant increase in other operating expenses is mainly due to a S\$47.0 million write down of inventory to net realisable value as a result of the sharp correction in global steel prices. Other factors contributing to the increase include increase in operating expenses due to the increase in demand during the year and the higher provision for doubtful debts.

### **Finance Costs**

Finance costs had increased by approximately S\$1.2 million or 13.6% from approximately S\$9.0 million in FY 2007 to approximately S\$10.3 million in FY 2008 due to the increase in bank borrowings to finance the higher level of purchases during the year.

### **Profit Before Income Tax / Profit After Income Tax**

Profit before income tax (“PBT”) increased by approximately S\$5.0 million or 22.4% from approximately S\$22.5 million in FY 2007 to approximately S\$27.6 million in FY 2008. This was due mainly to the improvement in gross profit margin and higher sales during FY 2008. Profit after income tax (“PAT”) for the Group also increased by approximately S\$4.4 million or 24.2% from approximately S\$18.3 million in FY 2007 to approximately S\$22.7 million in FY 2008 mainly due to the reasons as explained above.

### **FY 2007 vs. FY 2006**

#### **Revenue and Gross Profit**

Sales revenue grew by approximately S\$75.3 million or 20.8% from approximately S\$362.8 million in FY 2006 to approximately S\$438.1 million in FY 2007. The higher sales were the result of higher steel prices and an increase in demand for steel products from both the construction and the shipbuilding and ship-repair sectors. Steel prices rose during the year due to higher production costs (higher energy costs and iron ore prices), higher transportation cost and stronger global demand for steel.

The Group’s gross profit margin improved from approximately 9.0% in FY 2006 to approximately 11.4% for FY 2007 as a result of higher steel prices. With the increase in gross profit margin, and due to the increased revenues, gross profit increased by approximately S\$17.2 million or 52.7% from approximately S\$32.7 million in FY 2006 to approximately S\$49.9 million in FY 2007.

#### **Other Operating Income**

The Group’s other operating income decreased by approximately S\$6.2 million or 75.1% from approximately S\$8.2 million in FY 2006 to approximately S\$2.0 million in FY 2007 mainly due to a gain on disposal of quoted shares and write-back of allowance for impairment in value of other investments in FY 2006 which did not recur in FY 2007. Other operating income of approximately S\$2.0 million recorded in FY 2007 was mainly due to allowance of doubtful debts written back and interest income.

#### **Selling and Distribution Costs, Administrative Expenses and Other Operating Expenses**

Selling and distribution costs increased by approximately S\$1.1 million or 26.8% from approximately S\$4.3 million in FY 2006 to approximately S\$5.4 million in FY 2007 due to higher sales turnover. Administrative expenses increased by approximately S\$3.9 million or 44.7% from approximately S\$8.8 million in FY 2006 to approximately S\$12.7 million in FY 2007 due to higher sales activity. Other operating expenses decreased by approximately S\$1.8 million or 44.3% from approximately S\$4.0 million in FY 2006 to approximately S\$2.3 million in FY 2007 mainly due to a decrease in allowance for doubtful debts.

### **Finance Costs**

Finance costs increased by approximately S\$1.6 million or 21.2% from approximately S\$7.5 million in FY 2006 to approximately S\$9.0 million in FY 2007 due to higher interest rates, coupled with higher bank borrowings to finance the higher level of purchases during the year in anticipation of higher demands.

### **Profit Before Income Tax / Profit After Income Tax**

The Group's PBT rose by approximately S\$6.2 million or 37.9% from approximately S\$16.3 million in FY 2006 to approximately S\$22.5 million in FY 2007. This increase was a result of an increase in revenue and an improvement in gross profit margin. PAT also increased by approximately S\$4.4 million or 32.0% from approximately S\$13.8 million in FY 2006 to approximately S\$18.1 million in FY 2007 mainly due to the reasons as explained above.

### **Financial Position**

4. **Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –**
- (a) **the most recent completed financial year for which audited financial statements have been published; or**
  - (b) **if interim financial statements have been published for any subsequent period, that period.**

Please refer to Appendix 3 to this Offer Information Statement.

5. **The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:**
- (a) **number of shares after any adjustment to reflect the sale of new securities;**
  - (b) **net assets or liabilities per share; and**
  - (c) **net assets or liabilities per share after any adjustment to reflect the sale of new securities.**

Please refer to Appendix 3 to this Offer Information Statement.

### **Liquidity and Capital Resources**

6. **Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –**
- (a) **the most recent completed financial year for which financial statements have been published; and**
  - (b) **if interim financial statements have been published for any subsequent period, that period.**

The cash flow statements of the Group for FY 2008 are summarised below:

	<b>Audited FY 2008 S\$ '000</b>
Net cash flows used in operating activities	(15,171)
Net cash flows used in investing activities	(48,969)
Net cash flows from financing activities	82,980
Net increase in cash and cash equivalents	18,840

## **FY 2008**

Net cash outflow from operating activities arose as a result of higher inventory levels. Net cash from operating activities in FY 2008, while negative, had improved as compared to FY 2007, mainly due to the increase in net profits and trade payables. A net cash outflow from investing activities arose due to acquisition of BRC and purchase and capitalisation of freehold land in Nusajaya, Malaysia. Net cash inflow generated from financing activities was a result of higher bank borrowings. Overall cash position as at 30 September 2008 was higher at approximately S\$49.5 million compared to approximately S\$30.6 million recorded as at 30 September 2007.

- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**

As at the Latest Practicable Date, the Directors are of the opinion that, barring any unforeseen circumstances and after taking into account the Group's internal resources, operating cash flows and present banking facilities, the Group has sufficient working capital available to meet its present requirements.

- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide –**

- (a) a statement of that fact;**
- (b) details of the credit arrangement or bank loan; and**
- (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**

As at 30 September 2008, BRC Asia, one of the Group's subsidiaries, did not fulfil certain financial covenants as well as non-financial covenants relating to the percentage of shareholding required to be maintained by BRC Asia's previous parent company. This was due to a change in BRC Asia's parent company which was a result of the acquisition of a 56.1% interest in BRC Asia through HG Metal Pte Ltd, a 51.0% owned subsidiary of the Group. As a result of these breaches of covenants, the relevant lender banks were contractually entitled to request for immediate repayment of all outstanding borrowings. Accordingly, the non-current amounts of these borrowings amounting to \$1,824,174 were classified as current liabilities as at 30 September 2008. As at the Latest Practicable Date, waivers pertaining to the breaches of the covenants have been obtained from the respective affected lenders.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Group's financial position and results or business operations, or the investments by holders of securities in the Company.

## **Trend Information and Profit Forecast or Profit Estimate**

- 9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**



Save as disclosed in this Offer Information Statement and announced by the Company publicly, the Directors are not aware of any known trends, uncertainties, demands, commitments or events that would be likely to have a material effect on the net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Information Statement to be not necessarily indicative of the future operating results or financial condition of the Group.

The following statements are extracted from the announcement of the Group of the full year financial results on the SGX-ST on 25 November 2008:

“In the last few months, the global economic conditions had deteriorated sharply with the failure of major banks and many countries going into recession. Almost all commodities have seen a sharp correction in prices and steel is no exception.

In Singapore, some buyers are holding back purchases until there is more stability in the market. On the other hand, there are still many ongoing construction and infrastructural projects in Singapore. There is also the possibility that the government may bring forward public and infrastructural projects which it had deferred earlier this year.

In view of the current climate, the Group is adopting a cautious approach towards its inventory management and will be working towards a lower inventory level until market conditions have turned for the better.

The Group has successfully completed the takeover offer for BRC in October 2008. In the coming years, the Group will be working closely with BRC to derive synergies in sourcing and selling. The Group believes that BRC Asia will benefit from the lower steel price environment and the increase in the building of HDB flats.

After discussions with its joint venture partner AISB, the Group has decided to defer the construction of the steel pipe project in Nusajaya until the market conditions are more stable.

On the whole, the directors expect FY 2009 to be a challenging year.”

The aforementioned trends are expected to continue in FY 2009 and are likely to have a material effect on the financial results of the Group, as such, the financial information that has been disclosed in the Offer Information Statement may not be indicative of the financial performance that the Group will achieve in FY 2009. The Group's first quarter results announcement is expected to be on or about the Closing Date of the Rights Issue.

The Group experienced negative net cash flow from operating activities of S\$34.0 million and S\$15.2 million in FY 2007 and FY 2008 respectively, mainly due to its growing working capital requirements in line with the increased sales turnover in the two financial years. Working capital for the Group's business operations is dependent on, *inter alia*, the ability to generate financing from bank borrowings and the issuance of debt and equity instruments. The Group's ability to successfully effect such financing options depends on a number of factors that are beyond the control of the Board of Directors, including general economic and political conditions, the terms on which financial institutions are willing to extend credit and the conditions in the capital markets. Any inability of the Group to obtain adequate financing for its business operations will adversely affect its business and prospects.

Notwithstanding the above, certain business factors or risks, which could affect the profits of the Group, are set out in Appendix 1 to this Offer Information Statement.

10. **Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**

Not applicable. No profit forecast is disclosed in this Offer Information Statement.



11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.

Not applicable. No profit forecast or profit estimate is disclosed in this Offer Information Statement.

12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

#### **Significant Changes**

15. Disclose any event that has occurred from the end of –

- (a) the most recent completed financial year for which financial statements have been published; or

- (b) if interim financial statements have been published for any subsequent period, that period, to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

Save as disclosed in paragraph 9 above and paragraph 9(c) of the section entitled “Key Information” of this Offer Information Statement, the Directors are not aware of any event which has occurred since 30 September 2008 to the Latest Practicable Date which has not been publicly announced and which may have a material effect on the Group’s results and financial condition.

#### Meaning of “published”

16. In this Part, “published” includes publications in a prospectus, in an annual report or on the SGXNET.

Noted.

## PART VI - THE OFFER AND LISTING

### Offer and Listing Details

1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.

Issue Price : S\$0.09 for each Rights Share, payable in full on acceptance and/or application.

The Issue Price represents (i) a discount of 25.0% to the closing price of S\$0.12 per Share on the SGX-ST on 25 November 2008, being the last trading day of the Shares on the SGX-ST prior to the announcement of the Rights Issue; and (ii) a discount of 10.0% over the last transacted price of S\$0.10 per Share on the SGX-ST as at the Latest Practicable Date.

The expenses incurred in the Rights Issue will not be specifically charged to subscribers of the Rights Shares.

An administrative fee will be incurred for each successful application made through the ATMs of the respective Participating Banks.

2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.

Not applicable. The Shares are traded on the Main Board of the SGX-ST.

3. If –

- (a) any of the relevant entity’s shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and
- (b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

None of the Shareholders has pre-emptive rights to subscribe for the Rights Shares.

As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please refer to the section entitled “Eligibility of Shareholders to Participate in the Rights Issue” of this Offer Information Statement for further information.

**4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange –**

**(a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –**

**(i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and**

**(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or**

The highest and lowest traded prices and the volume of the Shares traded on the SGX-ST during each of the last twelve (12) calendar months immediately preceding the Latest Practicable Date and for the period from 1 January 2009 to the Latest Practicable Date are as follows:

Month	Price Range		Last (\$)	Volume of Shares Traded
	High (\$)	Low (\$)		
January 2008	0.500	0.420	0.440	20,612,000
February 2008	0.355	0.310	0.345	12,005,000
March 2008	0.350	0.285	0.330	19,534,000
April 2008	0.365	0.320	0.350	17,993,000
May 2008	0.430	0.350	0.395	112,695,000
June 2008	0.405	0.370	0.375	20,780,000
July 2008	0.415	0.345	0.390	35,570,000
August 2008	0.390	0.305	0.340	25,568,000
September 2008	0.340	0.230	0.245	19,240,000
October 2008	0.250	0.115	0.135	32,128,000
November 2008	0.160	0.105	0.105	18,070,000
December 2008	0.115	0.100	0.110	8,198,000
1 January 2009 to the Latest Practicable Date	0.120	0.100	0.100	10,025,000

Source: Bloomberg L.P.<sup>(1)</sup>

**Note:-**

- (1) Bloomberg L.P. has not consented to the inclusion of the price range and volume of Shares quoted under this section and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. The Company has included the above information in their proper form and context in this Offer Information Statement and has not verified the accuracy of the above information.

- (b) **in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –**
  - (i) **for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and**
  - (ii) **for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;**

Not applicable. The Shares have been listed for quotation on the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.

- (c) **disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and**

There has been no trading suspension of the Shares on the SGX-ST during the three years immediately preceding the Latest Practicable Date.

- (d) **disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.**

The Shares are regularly traded on the SGX-ST. Please refer to paragraph 4(a) of the section entitled “The Offer and Listing” of this Offer Information Statement for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 January 2009 to the Latest Practicable Date.

**5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide –**

- (a) **a statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**

The Rights Shares are payable in full upon acceptance and/or application and, upon allotment and issue, will rank *pari passu* in all respects with the then issued Shares, save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares.

The Rights Shares will be entitled to any dividend approved at the AGM, where the books closure date for determining members’ entitlements to such dividend falls after the date of allotment and issue of the Rights Shares.

## Plan of Distribution

6. **Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**

### Basis of Provisional Allotment

The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at the Books Closure Date at the Issue Price, being S\$0.09 per Rights Share, fractional entitlements to be disregarded. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. Assuming the Rights Issue is fully subscribed and that all the Warrants have been exercised as at the Books Closure Date, up to 241,653,006 Rights Shares will be issued. The Rights Issue is not underwritten.

Entitled Shareholders will be at liberty to accept, decline or renounce their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of Rights Shares.

Fractional entitlements to the Rights Shares have been disregarded in arriving at the Entitled Shareholders' provisional allotments and will, together with provisional allotments which are not taken up or allotted for any reason, be used to satisfy excess applications for Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. The Manager will recommend to the Directors the basis of allotting any Excess Rights Shares, but the final allotment will be determined at the absolute discretion of the Directors, as they may deem fit, in the interests of the Company. In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders will rank last in priority.

The Rights Shares will not be offered through any broker or dealer.

### Foreign Shareholders

As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement for further details.

7. **Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**

Not applicable. The Rights Issue is not underwritten.

## PART VII - ADDITIONAL INFORMATION

### Statements by Experts

1. **Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**

Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –
- (a) state the date on which the statement was made;
  - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and
  - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

Not applicable. No statement or report made by an expert is included in this Offer Information Statement.

3. The information referred to in paragraph 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.

Not applicable.

#### **Consents from Issue Managers and Underwriters**

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

The Manager has given, and has not withdrawn, its written consent to the issue of this Offer Information Statement with the inclusion of its name and all references thereto, in the form and context in which it appears in this Offer Information Statement.

Save as disclosed in this Offer Information Statement, the Manager does not make, or purport to make, any statement in this Offer Information Statement and is not aware of any statement in the Offer Information Statement which purports to be based on a statement made by it and it makes no representation, expressed or implied regarding, and subject to applicable laws and regulations, and takes no responsibility for, any statements in or omissions from this Offer Information Statement.

The Manager has not authorised or caused the issue of this Offer Information Statement.

#### **Other Matters**

5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –
- (a) the relevant entity's business operations or financial position or results; or
  - (b) investments by holders of securities in the relevant entity.

Save as disclosed in this Offer Information Statement, the Directors are not aware of any other matter not disclosed under any other paragraph of this Offer Information Statement which could materially affect, directly or indirectly, the Group's business operations, financial position, or results or investments by holders of securities in the Company.

## PART X - ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

### 1. Provide –

#### (a) the particulars of the rights issue:

<b>Issue Size</b>	:	Based on the issued share capital of the Company of 424,714,561 Shares as at the Latest Practicable Date, up to 212,357,280 Rights Shares will be issued. Assuming that all the outstanding Warrants are exercised, up to 241,653,006 Rights Shares will be issued.
<b>Issue Price</b>	:	S\$0.09 for each Rights Share, payable in full on acceptance and/or application.
<b>Discount</b>	:	The Issue Price of S\$0.09 for each Rights Share represents (i) a discount of 25.0% to the closing price of S\$0.12 per Share on 25 November 2008, being the last trading day of the Shares on the SGX-ST prior to the announcement of the Rights Issue, and (ii) a discount of 10.0% to the closing price of S\$0.10 per Share as at the Latest Practicable Date.
<b>Basis of Provisional Allotment</b>	:	The Rights Issue is made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares standing to the credit of the Securities Account of the Entitled Depositor or held by the Entitled Scripholder, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.
<b>Status of Rights Shares</b>	:	The Rights Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing shares, save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares. The Rights Shares will be entitled to any dividend approved at the AGM, where the books closure date for determining members' entitlements to such dividend falls after the date of allotment and issue of the Rights Shares.
<b>Listing and trading</b>	:	In-principle approval has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares, the Additional Warrants and the Shares that will be issued pursuant to the exercise of such Additional Warrants on the Main Board of the SGX-ST, subject to, <i>inter alia</i> , (i) compliance with the SGX-ST's listing requirements; (ii) approval being obtained from the Shareholders for the Rights Issue; (iii) submission of an undertaking from the Company to make periodic announcements as and when the Rights Issue proceeds are materially deployed, providing details on the specific use of proceeds, and to provide a status report on the details on specific use of the Rights Issue proceeds in the annual report of the Company; and (iv)



submission of a confirmation by the Company that in the allotment of any Excess Rights Shares, preference will be given to the Shareholders for the rounding of odd lots and that Directors and Substantial Shareholders will rank last in priority.

The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, the Shares, the Rights Issue or the Rights Shares.

The approval of Shareholders for the Rights Issue has been obtained at an extraordinary general meeting of the Company held on 19 January 2009.

Upon the listing of the Rights Shares on the Main Board of the SGX-ST, the Rights Shares will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 1,000 Shares.

**Estimated net proceeds** : Assuming the Rights Issue is fully subscribed, the estimated Net Proceeds of the Rights Issue (after taking deducting estimated expenses of approximately S\$0.3 million) are expected to be approximately S\$18.8 million assuming none of the outstanding Warrants are exercised on or before the Books Closure Date, and approximately S\$21.4 million assuming all the outstanding Warrants are exercised on or before the Books Closure Date. Assuming that only the Undertaking Shareholders subscribe for their full entitlements of 36,579,500 Rights Shares as at 25 November 2008, the estimated Net Proceeds of the Rights Issue raised from the Undertaking Shareholders will be approximately S\$3.0 million.

**Eligibility to participate in the Rights Issue** : Please refer to the section entitled "Eligibility of Shareholders to Participate in the Rights Issue" of this Offer Information Statement.

**Governing law** : Laws of Singapore.

**(b) the last day and time for splitting of the provisional allotment of the securities to be issued pursuant to the rights issue;**

10 February 2009 at 5.00 p.m.

**(c) the last day and time for acceptance of and payment for the securities to be issued pursuant to the rights issue;**

13 February 2009 at 5.00 p.m. (9.30 p.m. for Electronic Applications).

**(d) the last day and time for renunciation of and payment by the renouncee for the securities to be issued pursuant to the rights issue;**

13 February 2009 at 5.00 p.m.

- (e) **the terms and conditions of the offer of securities to be issued pursuant to the rights issue;**

The allotment and issue of the Rights Shares pursuant to the Rights Issue are governed by the terms and conditions as set out in this Offer Information Statement, in particular Appendices 4, 5 and 6 to this Offer Information Statement and in the ARE, the ARS and the PAL.

- (f) **the particulars of any undertaking from the substantial shareholders or substantial equity interest-holders, as the case may be, of the relevant entity to subscribe for their entitlements; and**

The following Shareholders (collectively the “**Undertaking Shareholders**”) have irrevocably undertaken to the Company to subscribe for their full entitlements as of 25 November 2008, of 36,579,500 Rights Shares under the Rights Issue:-

<b>Undertaking Shareholder</b>	<b>Number of Shares held<sup>(1)</sup></b>	<b>% of issued share capital</b>	<b>Number of Rights Shares</b>	<b>% of Rights Issue<sup>(3)</sup></b>
Lingco Marine Pte. Ltd. <sup>(2)</sup>	28,400,666	6.7	14,200,333	6.7
Tan Chan Too	21,570,125	5.1	10,785,062	5.1
Sia Ling Sing <sup>(2)</sup>	16,053,333	3.8	8,026,666	3.8
Lee Leng Loke	7,134,878	1.7	3,567,439	1.7
	73,159,002	17.2	36,579,500	17.2

**Notes:-**

- (1) As at 25 November 2008.
- (2) Sia Ling Sing holds approximately 30.2% in the share capital of Lingco Marine Pte. Ltd. and is therefore deemed interested in the Shares held by Lingco Marine Pte. Ltd. by virtue of Section 7 of the Companies Act.
- (3) Computed as a percentage of 212,357,280 Rights Shares based on the issued share capital of 424,714,561 Shares as at the Latest Practicable Date.

The Undertaking Shareholders have, under their respective Undertakings, unconditionally and irrevocably undertaken to the Company, *inter alia*:

- (a) to vote in favour of the Rights Issue at the extraordinary general meeting;
- (b) not to, directly or indirectly, transfer, dispose of or otherwise reduce any of their respective interests in the Shares as at 25 November 2008 during the period between the date of their respective Undertakings and the Books Closure Date;
- (c) to subscribe and pay for and/or procure subscription and payment in full for such number of Rights Shares representing 100% of their respective Rights Shares entitlements under the Rights Issue in respect of their direct and indirect interests, as at 25 November 2008; and
- (d) to procure a satisfactory confirmation from a financial institution that each of them has the necessary financial resources to fulfil their obligations under their respective deeds in full.
- (g) **if the rights issue is or will not be underwritten, the reason for not underwriting the issue.**

In view of the Undertakings from the Undertaking Shareholders, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

## 2. Review of Working Capital

**Provide a review of the working capital for the last three financial years and the latest half year, if applicable.**

The working capital of the Group as at 30 September 2006, 30 September 2007 and 30 September 2008 were as follows:

	← As at 30 September 2006 S\$'000	Audited As at 30 September 2007 S\$'000	→ As at 30 September 2008 S\$'000
Total Current Assets	213,347	312,078	576,737
Total Current Liabilities	159,641	204,556	504,677
Working Capital	<b>53,706</b>	<b>107,522</b>	<b>72,060</b>

### 30 September 2008 vs. 30 September 2007

Working capital had decreased by approximately S\$35.5 million or 33.0% from approximately S\$107.5 million as at 30 September 2007 to approximately S\$72.1 million as at 30 September 2008 due to the significant increase in trade and other payables and bank borrowings.

### 30 September 2007 vs. 30 September 2006

Working capital had increased by approximately S\$53.8 million or 100.2% from approximately S\$53.7 million as at 30 September 2006 to approximately S\$107.5 million as at 30 September 2007 due to the higher inventory levels as at 30 September 2007.

3. **A statement by the issue manager that, to the best of its knowledge and belief, the documents constitutes full and true disclosure of all material facts about the issue, the issuer and its subsidiaries, and that the issue manager is not aware of any facts the omission of which would make any statement in the document misleading; and where the document contains a profit forecast, that is satisfied that the profit forecast has been stated by the directors after reasonable enquiry.**

The Manager acknowledges that to the best of its knowledge and belief, based on the information provided by the Company, and after making reasonable enquiries, this Offer Information Statement constitutes full and true disclosure of all material facts relating to the Rights Issue, the Company and its subsidiaries, and the Manager is not aware of any other material facts relating to the Rights Issue, the omission of which would render this Offer Information Statement materially misleading.

## BUSINESS FACTORS OR RISKS

*There are uncertainties, demands, commitments or events that should they occur, may have a material and adverse impact on the business, results of operations, financial condition and prospects of the Group. To the best of the Directors' knowledge and belief, all the risk factors that are material to prospective investors in making an informed judgment on the Rights Issue (save for those which have already been disclosed to the general public) are set out below. The Group could be affected by a number of risks that may relate to the industry and countries in which the Group operates as well as those that may generally arise from, inter alia, economic, business, market and political factors, including the risks set out herein.*

*This section is only a summary, and is not intended to be an exhaustive description, of all such contingencies. There may be additional risks not presently known to the Group, or that the Group may for the time being deem immaterial, which could affect its operations. If any of the following considerations and uncertainties develop into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected. In that event, the trading price of the Shares and/or Rights Shares could decline, and investors may lose all or part of their investment in the Shares and/or the Rights Shares.*

*Prospective investors should carefully consider and evaluate each of the following considerations and all other information in this Offer Information Statement before deciding on whether to invest in the Shares and/or the Rights Shares.*

### ***The Group is affected by fluctuations in steel prices***

As a distributor of steel products, the Group purchases a wide range of steel products and maintains substantial inventories to be in a position to fulfil customers' orders within a short lead-time. Typically, the Group's customers do not carry all the required steel products themselves due to the high carrying cost and storage space required. The cost of steel products purchased is the main component of the Group's cost of sales for its steel distribution business. Therefore, the Group is vulnerable to any fluctuations in prices of steel. Steel prices rise and fall depending on the demand and supply of steel which are affected by many factors beyond its control, including the general state of the global economy, the level of industrial development worldwide, in particular within the Asia-Pacific region, competition, industrial productivity levels, imposition of import duties/levies, and foreign currency fluctuations. Any increase in the price of steel caused by the aforesaid factors will increase the Group's cost of sales as well as the Group's carrying cost for maintaining its inventories. To the extent that the Group is unable to pass on any increase in its cost to its customers, the Group's profitability will be materially and adversely affected.

### ***The Group is affected by fluctuations in industrial hardware product prices***

The Group stocks a wide range of structural steel products, steel pipes and other accessories to cater to the needs of its customers. The Group currently sources its structural steel products, pipes and fittings from global manufacturers. Prices of these steel products are subject to international price fluctuations of steel. Any significant fluctuation in the price of steel will affect the Group's cost of purchase and the Group's profitability will be materially and adversely affected.

***The Group faces high inventory holding costs***

Typically, the Group receives purchase orders from its customers at short notice. The Group does not have any substantial long-term contracts with its customers and thus, is not able to predict their requirements. On the other hand, its suppliers normally take up to two or three months from the order date to deliver the products. With the short lead time given by its customers and the relatively longer delivery times required by its suppliers, the Group needs to place advance orders in order to secure a continuous supply of substantial and varied steel products to meet the needs of the Group's diverse customer base and provide just-in-time delivery. As at 30 September 2008, the Group's inventories accounted for approximately 61.7% of its current assets. The longer the Group's inventories are held, the higher the costs of holding these inventories. In the event that the Group is unable to maintain its revenue or profit margins due to a fall in the prices of steel products and/or decrease in demand for steel products, or if its financing costs for inventory increase, its financial position will be materially and adversely affected.

***The Group may be affected by political instability or economic downturn in the countries to which it exports***

In FY 2008, exports accounted for 47.0% of the Group's revenue. The major countries to which the Group currently exports are mainly Asian countries such as Malaysia, Thailand and Indonesia. As such, any political instability or economic downturn in these countries will adversely affect the sales and hence the profitability of the Group.

***The Group is exposed to credit risk of its customers***

The Group extends credit terms ranging from 30 to 90 days to its customers, depending on their credit worthiness. From time to time, in the ordinary course of business, certain customers may default on their payment. Such events may arise due to the inherent risk from its customers' business, risk pertaining to the political, economic, social and legal environment of its customers' jurisdiction and foreign exchange risk. In the event that the Group's customers default on their payments, the Group would have to make allowances for doubtful debts or incur write-offs, which will have an adverse impact on its profitability.

***The Group may be affected by foreign exchange exposure***

The purchases of the Group are mainly denominated in US\$ and its sales are mainly denominated in S\$. As a result, the Group is exposed to fluctuations in foreign exchange rates. For FY 2008, approximately 80.0% of its total purchases were made in US\$, whilst approximately 90% and 10% of its total sales were denominated in S\$ and US\$ respectively. Hence, the Group may be exposed to any significant fluctuation of the US\$.

***The Group is affected by cyclical movements in the industries that its customers operate in, in particular, the marine, construction and engineering industries***

Although the Group is not overly dependent on any one customer, for the last three financial years ended 30 September 2008, the bulk of its revenue was derived from customers engaged in the marine, construction and engineering industries. From time to time, different industries experience slowdown due to cyclical fluctuations or a decline in the general economic conditions. The Group expects the cyclical trends to continue in the future. In the event that there is a downturn in the industries that its customers operate, the demand for steel products and services could decline, and this will materially and adversely affect its operating results.

***Risks relating to the integration of BRC Asia and the Group***

Whilst the Directors anticipate that the Group will be working with BRC Asia to derive synergies in sourcing and selling, whether or not, and when, such synergies will materialise will depend on, *inter alia*, the ability of management of the Group and BRC Asia to successfully integrate the operations of the Group and that of BRC Asia. There is no assurance that the respective managements of the Group and of BRC Asia will be able to work together, or that the anticipated synergies will materialise. Failure to do so may have a material adverse effect on the results of operations of the Group.

**AUDITED CONSOLIDATED INCOME STATEMENTS  
OF THE GROUP FOR FY 2006, FY 2007 AND FY 2008**

	← Audited →		
	FY 2006 S\$'000	FY 2007 S\$'000	FY 2008 S\$'000
Revenue	362,815	438,142	732,944
Cost of sales	(330,118)	(388,219)	(615,789)
Gross profit	32,697	49,923	117,155
Other operating income	8,213	2,048	2,833
Selling and distribution costs	(4,279)	(5,425)	(8,590)
Administrative expenses	(8,783)	(12,711)	(12,384)
Other operating expenses	(4,036)	(2,250)	(61,153)
Finance costs	(7,464)	(9,046)	(10,279)
<b>Profit before income tax</b>	16,348	22,539	27,582
Income tax expense	(2,471)	(4,226)	(4,844)
<b>Profit after income tax</b>	13,877	18,313	22,738
Minority interests	120	204	176
Equity attributable to Shareholders	13,757	18,109	22,562
Earnings per share – Basic <sup>(1)</sup> (cents)	4.87	5.25	5.31
Earnings per share – Diluted <sup>(2)</sup> (cents)	4.44	4.68	4.77
Earnings per share after adjusting for the Rights Shares – Basic <sup>(3)</sup> (cents)	2.78	3.25	3.54
Earnings per share after adjusting for the Rights Shares – Diluted <sup>(4)</sup> (cents)	2.49	2.88	3.16
Gross dividend declared per share (cents)	4.00	1.25	0.25

**Notes:-**

- (1) Basic EPS is calculated based on profit attributable to equity holders of the Company and the weighted average number of ordinary Shares during FY 2006, FY 2007 and FY 2008, adjusted for the bonus shares issue of 106,177,458 in February 2008.
- (2) Diluted EPS is calculated based on profit attributable to equity holders of the Company and the weighted average number of ordinary Shares during FY 2006, FY 2007 and FY 2008 and after adjusting for the effects of all dilutive potential ordinary Shares.
- (3) Basic EPS adjusted for the Rights Issue is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary Shares during FY 2006, FY 2007 and FY 2008 and assumes that 212,357,280 Rights Shares are subscribed for.
- (4) Diluted EPS adjusted for the Rights Issue is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary Shares during FY 2006, FY 2007 and FY 2008 and after adjusting for the effects of all dilutive potential ordinary Shares, and assumes that the maximum of 241,653,006 Rights Shares are subscribed for.

## CONSOLIDATED BALANCE SHEET

← **Audited** →  
As at  
30 September 2008  
S\$'000

**Non current assets**

Property, plant and equipment	50,629
Intangible assets	24,047
Investments in joint venture	8,490
Available for sale assets	29
Deferred tax assets	365
	83,560

**Current assets**

Derivative financial instruments	67
Investment held for trading	1,000
Inventories	355,715
Trade and other receivables	167,900
Prepaid expenses	2,072
Cash and cash equivalents	49,983
	576,737

**Current liabilities**

Derivative financial instruments	298
Trade and other payables	196,355
Finance lease payables	1,509
Provision for onerous contracts	1,417
Deferred revenue	2,558
Bank borrowings	296,281
Provision for tax	6,259
	504,677

**Net current assets**

**72,060**

**Non current liabilities**

Finance lease payables	675
Bank borrowings	1,662
Provision for retirement benefits	451
Deferred taxation	1,801
Derivative financial instruments	—
	4,589
	151,031



← **Audited** →  
As at  
30 September 2008  
S\$'000

**Capital and reserves**

Share capital	78,203
Capital reserves	2,527
Hedging reserve	—
Foreign currency translation reserve	(120)
Retained earnings	55,938
	<hr/>
Equity attributable to equity holders of the Company	136,548
Minority interests	14,483
	<hr/>
Total equity	<u>151,031</u>
Number of Shares ('000) – historical	424,715
Net assets per Share <sup>(1)</sup> – historical (cents)	32.15
Number of Shares after adjusting for the Rights Shares assuming the Minimum Scenario ('000)	461,294
Net assets per Share <sup>(1)</sup> after adjusting for the Rights Issue assuming the Minimum Scenario (cents)	30.25
Number of Shares after adjusting for the Rights Shares assuming the Maximum Scenario ('000)	724,959
Net assets per Share <sup>(1)</sup> after adjusting for the Rights Issue assuming the Maximum Scenario (cents)	21.79

Note:

- (1) The net assets per Share adjusted for the Rights Issue was computed based on the number of Shares in issue as at the end of FY 2008.

## PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION BY ENTITLED DEPOSITORS

### 1. INTRODUCTION

- 1.1 Entitled Depositors are entitled to receive this Offer Information Statement and the ARE which forms part of this Offer Information Statement.
- 1.2 The provisional allotments of Rights Shares are governed by the terms and conditions of this Offer Information Statement, the enclosed ARE and (if applicable) the Memorandum and Articles of the Company.

The number of Rights Shares provisionally allotted to each Entitled Depositor is indicated in the ARE (fractional entitlements to a Rights Share (if any) having been disregarded). The Securities Accounts of Entitled Depositors will be credited by CDP with the provisional allotments of Rights Shares as indicated in the ARE. Entitled Depositors may accept their provisional allotments of Rights Shares in whole or in part. Full instructions for the acceptance of and payment for the provisional allotments of Rights Shares are set out in the Offer Information Statement as well as the ARE.

- 1.3 If an Entitled Depositor wishes to accept his provisional allotment of Rights Shares specified in the ARE, in full or in part, and (if applicable) apply for Excess Rights Shares in addition to the Rights Shares which have been provisionally allotted to him, he may do so by completing the relevant portions of the ARE or by way of an Electronic Application. An Entitled Depositor should ensure that the ARE is accurately and correctly completed, failing which the acceptance of the provisional allotment of Rights Shares and (if applicable) application for Excess Rights Shares may be rejected.

**An Entitled Depositor may accept his provisional allotment of Rights Shares specified in his ARE and (if applicable) apply for Excess Rights Shares either through CDP or by way of an Electronic Application through an ATM of a Participating Bank as described below.**

With regard to any application which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Rights Shares in relation to the Rights Issue or where the "Free Balance" of the Entitled Depositor's Securities Account is not credited with or is credited with less than the relevant number of Rights Shares subscribed as at the last date and time for acceptance, excess application and payment for Rights Shares or which does not comply with the instructions for Electronic Application or with the terms and conditions of this Offer Information Statement, or in the case of an application by the ARE, the ARS, the PAL, and/or any other application form for the Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Company may, at its absolute discretion, reject or treat as invalid any such application or present for payment or other processes all remittances at any time after receipt in such manner as it may deem fit.

The Company and CDP shall be entitled to process each application submitted for the acceptance of Rights Shares, and where applicable, application of Excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Shareholder, on its own, without regard to any other application and payment that may be submitted by the same Entitled Shareholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Shares.

- 1.4 CPF Members under the CPF Investment Scheme – Ordinary Account may use, subject to applicable CPF rules and regulations, their CPF Ordinary Account savings (subject to the availability of investible savings) (“**CPF Funds**”) for the payment of the Issue Price to subscribe for the provisional allotments of Rights Shares and/or apply for Excess Rights Shares, if they have previously bought their Shares using CPF Funds. Such members who wish to accept the provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Shares on their behalf in accordance with the Offer Information Statement to be despatched to Entitled Shareholders in due course. CPF Funds may not, however, be used for the purchase of provisional allotments of Rights Shares directly from the market.
- 1.5 Unless expressly provided to the contrary in this Offer Information Statement, the ARE and/or the ARS with respect to enforcement against Entitled Depositors or their renounees, a person who is not a party to any contracts made pursuant to this Offer Information Statement, the ARE or the ARS has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

## **2. MODE OF ACCEPTANCE AND APPLICATION**

### **2.1 Acceptance/Application through CDP**

If the Entitled Depositor wishes to accept the provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares through CDP, he must:

- (a) complete the ARE. In particular, he must state in section (A) of the ARE the number of Rights Shares accepted and in section (B) of the ARE the number of Excess Rights Shares applied for and in the fourth column the respective amount(s) payable and in the last column the cashier’s order or banker’s draft number; and
- (b) deliver the duly completed and signed ARE accompanied by A SINGLE REMITTANCE for payment in full for the relevant number of Rights Shares accepted and (if applicable) Excess Rights Shares applied for:
  - (i) by hand to **HG METAL MANUFACTURING LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807**; or
  - (ii) by post in the self-addressed envelope provided, at the sender’s own risk, to **HG METAL MANUFACTURING LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147**,

in each case so as to arrive not later than **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

The payment must be made in Singapore currency in the form of a Cashier’s Order or Banker’s Draft drawn on a bank in Singapore and made payable to “**CDP — HG METAL RIGHTS ISSUE ACCOUNT**” for the Rights Shares and crossed “**NOT NEGOTIABLE, A/C PAYEE ONLY**” with the name and Securities Account number of the Entitled Depositor clearly written in block letters on the reverse side of the Cashier’s Order or Banker’s Draft. **NO COMBINED CASHIER’S ORDER OR BANKER’S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF PERSONAL CHEQUES, POSTAL ORDERS OR MONEY ORDERS ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

If no remittance is attached or the remittance attached is less than the full amount that is payable for the provisional allotment of Rights Shares accepted by the Entitled Depositor and (if applicable) the Excess Rights Shares applied for by the Entitled Depositor. The attention of the Entitled Depositor is drawn to paragraphs 1.3 and 5.2 of this Appendix 4 which set out the circumstances and manner in which the Company and CDP shall be entitled to determine and appropriate all amounts received by CDP on the Company's behalf whether under the ARE, the ARS or any other application form for Rights Shares to apply towards the payment for his acceptance of Rights Shares and/or application for Excess Rights Shares.

## **2.2 Acceptance/Application by way of Electronic Application through an ATM of a Participating Bank**

Instructions for Electronic Applications through ATMs to accept the Rights Shares provisionally allotted or (if applicable) to apply for Excess Rights Shares will appear on the ATM screens of the respective Participating Banks. Please refer to Appendix 5 to this Offer Information Statement for the additional terms and conditions for Electronic Applications through an ATM of a Participating Bank.

**If an Entitled Depositor makes an Electronic Application through an ATM, he would have irrevocably authorised the Participating Bank to deduct the full amount payable from his bank account with such Participating Bank in respect of such application. In the case of an Entitled Depositor who has accepted the Rights Shares by way of the ARE and/or the ARS and/or has applied for Excess Rights Shares by way of the ARE and also by way of an Electronic Application through an ATM of a Participating Bank, the Company and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Company and/or CDP may, in their absolute discretion, deem fit.**

## **2.3 Acceptance of Part of Provisional Allotments of Rights Shares and Trading of Provisional Allotments of Rights Shares**

An Entitled Depositor may choose to accept his provisional allotment of Rights Shares specified in the ARE in full or in part. If an Entitled Depositor wishes to accept part of his provisional allotment of Rights Shares and trade the balance of his provisional allotment of Rights Shares on the SGX-ST, he should:

- (a) complete the ARE for the number of Rights Shares provisionally allotted which he wishes to accept and submit the ARE together with payment in the prescribed manner as described above to CDP; or
- (b) accept and subscribe for that part of his provisional allotment of Rights Shares by way of Electronic Application in the prescribed manner.

The balance of his provisional allotment of Rights Shares may be sold as soon as dealings therein commence on the SGX-ST.

Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST during the provisional allotment trading period should note that the provisional allotments of Rights Shares will be tradable in board lots, each board lot comprising provisional allotments of 1,000 Rights Shares, or any other board lot size which the SGX-ST may require. Such Entitled Depositors may start trading in their provisional allotments of Rights Shares as soon as dealings therein commence on the SGX-ST. Entitled Depositors who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market of the SGX-ST during the provisional allotment trading period.

## 2.4 Purchasers of Provisional Allotments of Rights Shares

The ARE need not be forwarded to the purchasers of the provisional allotments of Rights Shares (“**Purchasers**”) as arrangements will be made by CDP for a separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Company, send the ARS, accompanied by this Offer Information Statement, **by ordinary post and at the Purchasers’ own risk**, to their respective Singapore addresses as recorded with CDP. Purchasers should ensure that their ARS are accurately and correctly completed, failing which the acceptances of the provisional allotments of Rights Shares may be rejected. Purchasers who do not receive the ARS, accompanied by this Offer Information Statement, may obtain the same from CDP, the Share Registrar or any stockbroking firm during the period up to **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

This Offer Information Statement and its accompanying documents will not be despatched to Foreign Purchasers whose registered addresses with CDP are not in Singapore. Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

**Purchasers should inform their banks or Depository Agents if their purchases of such provisional allotments of Rights Shares are settled through these intermediaries. In such instances, if the Purchasers wish to accept the Rights Shares represented by the provisional allotments purchased, they will need to go through these intermediaries, who will then accept the provisional allotments of Rights Shares on their behalf.**

## 3. COMBINATION APPLICATION

In the event that the Entitled Depositor accepts the Rights Shares by way of the ARE and/or the ARS and/or has applied for Excess Rights Shares by way of the ARE and also by way of an Electronic Application, the Company and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Company and/or CDP may, in their absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Entitled Depositor shall be regarded as having irrevocably authorised the Company and/or CDP to apply all amounts received whether under the ARE, the ARS and/or any other acceptance and/or application for Rights Shares (including an Electronic Application) in whichever mode or combination as the Company and/or CDP may, in their absolute discretion, deem fit.

## 4. ILLUSTRATIVE EXAMPLES

As an illustration, if an Entitled Depositor has 10,000 Shares standing to the credit of his Securities Account as at the Books Closure Date, the Entitled Depositor will be provisionally allotted 5,000 Rights Shares as set out in his ARE. The Entitled Depositor’s alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

Alternatives	Procedures to be taken
(a) Accept his entire provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares.	(1) Accept his entire provisional allotment of 5,000 Rights Shares and (if applicable) apply for Excess Rights Shares by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or

	<p>(2) complete and sign the ARE in accordance with the instructions contained herein for the acceptance in full of his provisional allotment of 5,000 Rights Shares and (if applicable) the number of Excess Rights Shares applied for and forward the ARE together with a single remittance for S\$450 (or, if applicable, such higher amount in respect of the total number of Rights Shares accepted and Excess Rights Shares applied for) by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore, and made payable to <b>"CDP — HG METAL RIGHTS ISSUE ACCOUNT"</b> for the Rights Shares and crossed <b>"NOT NEGOTIABLE, A/C PAYEE ONLY"</b> for the full amount due on acceptance and (if applicable) application, by hand to <b>HG METAL MANUFACTURING LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED</b>, at <b>4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807</b> or by post, at his own risk, in the self-addressed envelope provided to <b>HG METAL MANUFACTURING LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147</b> so as to arrive not later than <b>5.00 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) and with the name and Securities Account number of the Entitled Depositor clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.</p> <p><b>NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT (INCLUDING THE USE OF PERSONAL CHEQUES, POSTAL ORDERS OR MONEY ORDERS ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.</b></p>
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<p>(b) Accept a portion of his provisional allotment of Rights Shares, for example his entitlement to 1,000 provisionally allotted Rights Shares, not apply for Excess Rights Shares and trade the balance on the SGX-ST.</p>	<p>(1) Accept his provisional allotment of 1,000 Rights Shares by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or</p> <p>(2) complete the ARE in accordance with the instructions contained therein for the acceptance of his provisional allotment of 1,000 Rights Shares, and forward the ARE, together with a single remittance for S\$90, in the prescribed manner described in alternative (a)(2) above, to CDP, so as to arrive not later than <b>5.00 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).</p> <p>The balance of the provisional allotment of 4,000 Rights Shares may be traded on the SGX-ST during the provisional allotment trading period. <b>Entitled Depositors should note that the provisional allotments of Rights Shares would be tradable in the ready market, each board lot comprising provisional allotments of 1,000 Rights Shares or any other board lot size which the SGX-ST may require, during the provisional allotment trading period. Entitled Depositors who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market during the provisional allotment trading period.</b></p>
<p>(c) Accept a portion of his provisional allotment of Rights Shares, for example his entitlement to 1,000 provisionally allotted Rights Shares, and reject the balance.</p>	<p>(1) Accept his provisional allotment of 1,000 Rights Shares by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or</p>



	<p>(2) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance of his provisional allotment of 1,000 Rights Shares and forward the ARE, together with a single remittance for S\$90, in the prescribed manner described in alternative (a)(2) above to CDP so as to arrive not later than <b>5.00 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).</p> <p>The balance of the provisional allotment of 4,000 Rights Shares which is not accepted by the Entitled Depositor will automatically lapse and become void, and cease to be available for acceptance by that Entitled Depositor if an acceptance is not made through an ATM of a Participating Bank by <b>9.30 p.m. on 13 February 2009</b> or if an acceptance is not made through CDP by <b>5.00 p.m. on 13 February 2009</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).</p>
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## 5. TIMING AND OTHER IMPORTANT INFORMATION

### 5.1 Timing

**THE LAST TIME AND DATE FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES UNDER THE RIGHTS ISSUE IS:**

- (A) 5.00 P.M. ON 13 FEBRUARY 2009 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY) IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES IS MADE THROUGH CDP; AND**
- (B) 9.30 P.M. ON 13 FEBRUARY 2009 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY) IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES IS MADE THROUGH AN ATM OF A PARTICIPATING BANK.**

If acceptance and payment for the Rights Shares in the prescribed manner as set out in the ARE and/or the ARS (as the case may be) and this Offer Information Statement is not received through an ATM of a Participating Bank by **9.30 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) or through CDP by **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company) from any Entitled Depositor or Purchaser, the provisional allotments of Rights Shares shall be deemed to have been declined and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. All monies received in connection therewith will be returned or refunded by CDP on behalf of the Company to the Entitled Depositors or the Purchasers, as the

case may be, without interest or any share of revenue or other benefit arising therefrom, by means of a crossed cheque drawn on a bank in Singapore and sent by ordinary post at their own risk to their mailing address as maintained with CDP or in such other manner as the Entitled Depositors or the Purchasers, as the case may be, have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is through Electronic Application at the ATMs) and at the Entitled Depositors' or the Purchasers' own risk.

**If any Entitled Depositor or Purchaser is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

## **5.2 Appropriation**

Without prejudice to paragraph 1.3 of this Appendix 4, an Entitled Depositor should note that:

- (a) by accepting his provisional allotment of Rights Shares and/or applying for Excess Rights Shares, he acknowledges that, in the case where:
  - (i) the amount of remittance (if any) payable to the Company as per the instructions received by CDP whether under the ARE, the ARS and/or in any other application form for Rights Shares, differs from the amount actually received by CDP, or
  - (ii) the amount as stated in sections (A) and (B) in the ARE, the ARS and/or in any other application form for Rights Shares differs from the amount received by CDP, or otherwise payable by him in respect of his acceptance of the Rights Shares and (if applicable) in respect of his application for the Excess Rights Shares,

the Company and/or CDP shall be entitled to determine and appropriate all amounts received by CDP on the Company's behalf for each application on its own whether under the ARE, the ARS and/or any other application form for Rights Shares as follows: firstly, towards payment of all amounts payable in respect of his acceptance of the Rights Shares; and secondly, (if applicable) towards payment of all amounts payable in respect of his application for Excess Rights Shares. The determination and appropriation by the Company and/or CDP shall be conclusive and binding; and

- (b) in the event that the Entitled Depositor accepts the Rights Shares by way of the ARE and/or the ARS and/or has applied for Excess Rights Shares by way of the ARE and also by way of an Electronic Application, the Company and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Company and/or CDP may, in their absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Entitled Depositor shall be regarded as having irrevocably authorised the Company and/or CDP to apply all amounts received whether under the ARE, the ARS and/or any other acceptance and/or application for Rights Shares (including an Electronic Application) which he has authorised or deemed to have authorised to apply towards the payment for acceptance of the Rights Shares and/or application for Excess Rights Shares in whichever mode or combination as the Company and/or CDP may, in their absolute discretion, deem fit.

## **5.3 Application for Excess Rights Shares**

The Excess Rights Shares available for application are subject to the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Memorandum and Articles of the Company. Applications for Excess Rights Shares will, at the Directors' absolute discretion, be satisfied from such Rights Shares as are not validly taken up by the Entitled Shareholders, the original allottee(s) or their respective renouncee(s) or the Purchaser(s) of the provisional allotments of Rights Shares together with the aggregated fractional entitlements to the Rights Shares, any unsold "nil-paid" provisional allotment of Rights Shares (if any) of Foreign Shareholders and any Rights Shares that are otherwise not allotted for whatever reason in

accordance with the terms and conditions contained in the ARE and this Offer Information Statement. In the event that applications are received by the Company for more Excess Rights Shares than are available, the Excess Rights Shares available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of Excess Rights Shares, preference will be given to the Shareholders for the rounding of odd lots, and Substantial Shareholders and Directors will rank last in priority. The Company reserves the right to refuse any application for Excess Rights Shares, in whole or in part, without assigning any reason whatsoever therefor. CDP takes no responsibility for any decision that the Directors may make.

If no Excess Rights Shares are allotted or if the number of Excess Rights Shares allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be returned or refunded to such Entitled Depositors, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date, by crediting their bank account with the relevant Participating Bank at their own risk (if they accept by way of an Electronic Application), the receipt by such bank being a good discharge to the Company and CDP for their obligations, if any, thereunder, or by means of a crossed cheque drawn on a bank in Singapore and sent to them BY ORDINARY POST AT THEIR OWN RISK to their mailing address as maintained with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions (if they apply through CDP).

#### 5.4 Deadlines

It should be particularly noted that unless:

- (a) acceptance of the provisional allotment of Rights Shares is made by the Entitled Depositors or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Shares is effected by **9.30 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company); or
- (b) acceptance and payment (where applicable) in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP — HG METAL RIGHTS ISSUE ACCOUNT**" for the Rights Shares and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and/or application and with the names and Securities Account numbers of the Entitled Depositors or the Purchasers (as the case may be) clearly written in block letters on the reverse side of the Cashier's order or Banker's Draft is submitted by hand to **HG METAL MANUFACTURING LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED**, at **4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the sender's own risk, to **HG METAL MANUFACTURING LIMITED C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147** by **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company),

the provisional allotment of Rights Shares will be deemed to have been declined and shall forthwith lapse and become void.

All monies received in connection therewith will be returned to the Entitled Depositors or the Purchasers (as the case may be) without interest or any share of revenue or other benefit arising therefrom by means of a crossed cheque drawn on a bank in Singapore and sent BY ORDINARY POST to their mailing address as maintained with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP), or by crediting their accounts with the relevant Participating Banks (where acceptance is through Electronic Application), and at the Entitled Depositors' or the Purchasers' (as the case may be) own risk within fourteen (14) days after the Closing Date.

**ACCEPTANCES ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF PERSONAL CHEQUES, POSTAL ORDERS OR MONEY ORDERS ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.**

## ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM OF A PARTICIPATING BANK

The procedures for Electronic Applications through ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (“**Steps**”). Please read carefully the terms and conditions of this Offer Information Statement, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept and (if applicable) apply for Rights Shares at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Any reference to the “**Applicant**” in the terms and conditions for Electronic Applications and the Steps shall mean the Entitled Depositor or his renouncee or the Purchaser of the provisional allotment who accepts or (as the case may be) who applies for the Rights Shares through an ATM of a Participating Bank. An Applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Banks before he can make an Electronic Application through an ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of his Electronic Application. The Transaction Record is for retention by the Applicant and should not be submitted with any ARE or ARS.

**An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM card issued to him in his own name. Using his own Securities Account number with an ATM card which is not issued to him in his own name will render his acceptance or (as the case may be) excess application liable to be rejected.**

The Electronic Application shall be made in accordance with, and subject to, the terms and conditions of this Offer Information Statement including, but not limited to, the terms and conditions appearing below:

1. In connection with his Electronic Application for the Rights Shares, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:
  - (a) **that he has received a copy of this Offer Information Statement and has read, understood and agreed to all the terms and conditions of acceptance of and (if applicable) application for the Rights Shares under the Rights Issue and this Offer Information Statement prior to effecting the Electronic Application and agrees to be bound by the same; and**
  - (b) **that he consents to the disclosure of his name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number and application details (“Relevant Particulars”) from his account with that Participating Bank to the Share Registrar, Securities Clearing & Computer Services (Pte) Ltd, CDP, CPF Board, the SGX-ST and the Company (the “Relevant Parties”).**

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless he presses the “Enter” or “OK” or “Confirm” or “Yes” key (as the case may be). By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

2. An Applicant may make an Electronic Application through an ATM of any Participating Bank for the Rights Shares using cash only by authorising such Participating Bank to deduct the full amount payable from his bank account with such Participating Bank.
3. The Applicant irrevocably agrees and undertakes to subscribe for and to accept up to the aggregate of the number of Rights Shares provisionally allotted and Excess Rights Shares applied for as stated on the Transaction Record or the number of Rights Shares standing to the credit of his Securities Account as at the close of the Rights Issue. In the event that the Company decides to allot any lesser number of Excess Rights Shares or not to allot any number of Excess Rights Shares to the Applicant, the Applicant agrees to accept the decision as final.
4. If the Applicant’s Electronic Application is successful, his confirmation (by his action of pressing the “Enter” or “OK” or “Confirm” or “Yes” key on the ATM) of the number of Rights Shares accepted and/or Excess Rights Shares applied for shall signify and shall be treated as his acceptance of the number of Rights Shares accepted and/or Excess Rights Shares applied for that may be allotted to him.
5. In the event that the Applicant accepts the Rights Shares both by way of the ARE and/or the ARS (as the case may be) and by Electronic Application through an ATM of a Participating Bank, the Company and/or CDP shall be authorised and entitled to accept the Applicant’s instructions in whichever mode or a combination thereof as the Company and/or CDP may, in its absolute discretion, deem fit. In determining the number of Rights Shares which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept such number of Rights Shares not exceeding the number of provisionally allotted Rights Shares which are standing to the credit of his Securities Account as at the close of the Rights Issue and the aggregate number of Rights Shares which have been accepted by the Applicant by way of the ARE and/or the ARS (as the case may be) and by Electronic Application through an ATM. The Company and/or CDP, in determining the number of Rights Shares which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Shares, whether by way of Cashier’s Order or Banker’s Draft drawn on a bank in Singapore accompanying the ARE and/or the ARS, by way of the acceptance through Electronic Application through an ATM of a Participating Bank.
6. If applicable, in the event that the Applicant applies for Excess Rights Shares both by way of the ARE and by Electronic Application through an ATM of a Participating Bank, the Company and/or CDP shall be authorised and entitled to accept the Applicant’s instructions in whichever mode or a combination thereof as CDP may, in its absolute discretion, deem fit. In determining the number of Excess Rights Shares which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of Excess Rights Shares not exceeding the aggregate number of Excess Rights Shares for which he has applied by way of the ARE and by way of application through Electronic Application through an ATM of a Participating Bank. The Company and/or CDP, in determining the number of Excess Rights Shares which the Applicant has given valid instructions for the application, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application of the Excess Rights Shares, whether by way of Cashier’s Order or Banker’s Draft drawn on a bank in Singapore accompanying the ARE, or by way of application through Electronic Application through an ATM of a Participating Bank.



7. The Applicant irrevocably requests and authorises the Company to:
  - (a) register or to procure the registration of the Rights Shares allotted to the Applicant in the name of CDP for deposit into his Securities Account;
  - (b) return or refund (without interest or any share of revenue or other benefit arising therefrom) the acceptance/application monies, should his Electronic Application in respect of the Rights Shares be accepted and/or Excess Rights Shares applied for not be accepted by the Company for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date; and
  - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should his Electronic Application for Excess Rights Shares be accepted in part only, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within fourteen (14) days after the Closing Date.
8. **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING/APPLYING FOR THE RIGHTS SHARES AS A NOMINEE OF ANY OTHER PERSON.**
9. The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, the Company and/or the Share Registrar) and any events whatsoever beyond the control of CDP, the Participating Banks, the Company and/or the Share Registrar, and if, in any such event, CDP, the Participating Banks, the Company and/or the Share Registrar do not record or receive the Applicant's Electronic Application by **9.30 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Company and/or the Share Registrar for any purported acceptance thereof and (if applicable) excess application therefor, or for any compensation, loss or damage in connection therewith or in relation thereto.
10. **Electronic Applications may only be made through ATMs of the Participating Banks from Mondays to Saturdays between 7.00 a.m. to 9.30 p.m., excluding public holidays.**
11. Electronic Applications shall close at **9.30 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).
12. All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.
13. The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made through ATMs of the Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.

14. Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance/application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's bank account with the relevant Participating Bank within fourteen (14) days after the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance/application monies will be refunded on the same terms.
15. In consideration of the Company arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), and by making and completing an Electronic Application, the Applicant agrees that:
- (a) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document referred to in Section 241 of the Securities and Futures Act is lodged with the Authority);
  - (b) his Electronic Application, the acceptance by the Company and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the exclusive jurisdiction of the Singapore courts;
  - (c) none of the Company, CDP, the Participating Banks nor the Share Registrar shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Company or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective control;
  - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of the provisionally allotted Rights Shares and (if applicable) acceptance of his application for Excess Rights Shares;
  - (e) in respect of the Rights Shares for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any payment received by or on behalf of the Company; and
  - (f) unless expressly provided to the contrary in this Offer Information Statement or the Electronic Application with respect to enforcement against the Applicant, a person who is not a party to any contracts made pursuant to this Offer Information Statement or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
16. The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondence will be sent to his address last registered with CDP.
17. The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Company will reject any application by any person acting as nominee.



18. In the event that the Applicant accepts or subscribes for the provisionally allotted Rights Shares or (if applicable) applies for Excess Rights Shares, as the case may be, by way of the ARE and/or the ARS and/or by way of Electronic Application through any ATM of the Participating Banks, the provisionally allotted Rights Shares and/or Excess Rights Shares will be allotted in such manner as the Company or CDP may, in their absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within fourteen (14) days after the Closing Date by any one or a combination of the following:
- (a) by means of a crossed cheque sent BY ORDINARY POST at his own risk to his mailing address as maintained with CDP or in such other manner as he may have agreed with CDP for the payment of any cash distribution if he accepts and (if applicable) applies through CDP; and
  - (b) crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts and (if applicable) applies through an ATM of that Participating Bank.
19. The Applicant hereby acknowledges that, in determining the total number of Rights Shares represented by the provisional allotment of Rights Shares which he can validly accept, the Company and CDP are entitled, and the Applicant hereby authorises the Company and CDP, to take into consideration:
- (a) the total number of Rights Shares represented by the provisional allotment of Rights Shares which the Applicant has validly accepted, whether under the ARE and/or the ARS or any other form of acceptance (including Electronic Application through an ATM) for the Rights Shares;
  - (b) the total number of Rights Shares represented by the provisional allotment of Rights Shares standing to the credit of the Applicant's Securities Account which is available for acceptance; and
  - (c) the total number of Rights Shares represented by the provisional allotment of Rights Shares which has been disposed of by the Applicant.
- The Applicant hereby acknowledges that the Company's and CDP's determination shall be conclusive and binding on him.
20. The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allotment of Rights Shares accepted by the Applicant and (if applicable) the Excess Rights Shares which the Applicant has applied for.
21. With regard to any application which does not conform strictly to the instructions set out under the Offer Information Statement, the ARE, the ARS and/or any other application form for the Right Shares in relation to the Rights Issue or which does not comply with the instructions for Electronic Application or with the terms and conditions of the Offer Information Statement, or in the case of an application by the ARE, the ARS and/or any other application form for the Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Company may, at its absolute discretion, reject or treat as invalid any such application or present for payment or other processes all remittances at any time after receipt in such manner as it may deem fit.
22. The Company and CDP shall be entitled to process each application submitted for the acceptance of Rights Shares, and where applicable, application of Excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Shareholder, on its own, without regard to any other application and payment that may be submitted by the same Entitled Shareholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Shares.

## PROCEDURES FOR ACCEPTANCE, SPLITTING, RENUNCIATION, EXCESS APPLICATION AND PAYMENT BY ENTITLED SCRIPHOLDERS

### 1. INTRODUCTION

- 1.1. Entitled Scripholders are entitled to receive this Offer Information Statement with the following documents which are enclosed with, and are deemed to constitute a part of, this Offer Information Statement:

PAL incorporating:

Form of Acceptance	Form A
Request for Splitting	Form B
Form of Renunciation	Form C
Form of Nomination	Form D
Excess Rights Shares Application	Form E

- 1.2 The provisional allotment of the Rights Shares and application for Excess Rights Shares are governed by the terms and conditions of this Offer Information Statement, the PAL and (if applicable) the Memorandum and Articles of the Company. The number of Rights Shares provisionally allotted to Entitled Scripholders is indicated in the PAL (fractional entitlements, if any, to be disregarded). Entitled Scripholders may accept their provisional allotments of Rights Shares, in full or in part, and are eligible to apply for Rights Shares in excess of their entitlements under the Rights Issue.
- 1.3 Full instructions for the acceptance of and payment for the Rights Shares provisionally allotted to Entitled Scripholders and the procedures to be adopted should they wish to renounce, transfer or split all or part of their provisional allotments are set out in the PAL.

**The full amount payable for the relevant number of Rights Shares accepted/applied for will be rounded up to the nearest whole cent, if applicable.**

- 1.4 With regard to any application which does not conform strictly to the instructions set out under the Offer Information Statement, the ARE, the ARS, the PAL and/or any other application form for the Rights Shares in relation to the Rights Issue or with the terms and conditions of the Offer Information Statement, or in the case of an application by the ARE, the ARS, the PAL and/or any other application form for the Rights Shares in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Company may, at its absolute discretion, reject or treat as invalid any such application or present for payment or other processes all remittances at any time after receipt in such manner as it may deem fit.
- 1.5 The Company and the Share Registrar shall be entitled to process each application submitted for the acceptance of Rights Shares, and where applicable, application of Excess Rights Shares in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Entitled Scripholder, on its own, without regard to any other application and payment that may be submitted by the same Entitled Scripholder. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Shares.

1.6 **Entitled Scripholders should note that all dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs will not be valid for delivery pursuant to trades done on the SGX-ST.**

1.7 Unless expressly provided to the contrary in this Offer Information Statement and/or the PAL with respect to enforcement against Entitled Scripholders or their renounees, a person who is not a party to any contract made pursuant to this Offer Information Statement and/or the PAL has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

## **2. FORM OF ACCEPTANCE (FORM A)**

### **2.1 Acceptance**

An Entitled Scripholder who wishes to accept his entire provisional allotment of Rights Shares or to accept any part of it and decline the balance should:

- (a) complete the Form of Acceptance (Form A) of the PAL for the number of Rights Shares which he wishes to accept; and
- (b) forward the PAL at his own risk, in its entirety, duly completed and signed, together with the remittance for the full payment in the prescribed manner to **HG METAL MANUFACTURING LIMITED C/O THE SHARE REGISTRAR, M & C SERVICES PRIVATE LIMITED, 138 ROBINSON ROAD, #17-00, THE CORPORATE OFFICE, SINGAPORE 068906** so as to arrive not later than **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).

### **2.2 Insufficient Payment**

If:

- (a) no remittance is attached for the full amount that is payable for the provisional allotment of Rights Shares accepted by the Entitled Scripholder; or
- (b) the remittance submitted together with the PAL, is less than the full amount that is payable for the provisional allotment of Rights Shares accepted by the Entitled Scripholder;

in each case, the attention of the Entitled Scripholder is drawn to paragraph 2.3 of this Appendix 6 entitled "Appropriation" which sets out the circumstances and manner in which the Company and the Share Registrar shall be entitled to determine the number of Rights Shares which the Entitled Scripholder has given instructions to accept.

### **2.3 Appropriation**

An Entitled Scripholder should note that by accepting his provisional allotment of Rights Shares, he acknowledges that, the Company and the Share Registrar, in determining the number of Rights Shares which the Entitled Scripholder has given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Shares, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore to be applied towards the payment of his acceptance of Rights Shares.

### 3. REQUEST FOR SPLITTING (FORM B) AND RENUNCIATION (FORM C)

- 3.1 Entitled Scripholders who wish to accept a portion of their provisional allotments of Rights Shares and renounce the balance of their provisional allotments of Rights Shares, or who wish to renounce all or part of their provisional allotments of Rights Shares in favour of more than one person, should first, using the Request for Splitting (Form B) of the PAL, request to have their provisional allotments of Rights Shares under the PAL split into separate PALs ("**Split Letters**") according to their requirements. The duly completed Form B together with the PAL in its entirety should then be returned to **HG METAL MANUFACTURING LIMITED C/O THE SHARE REGISTRAR, M & C SERVICES PRIVATE LIMITED, 138 ROBINSON ROAD, #17-00, THE CORPORATE OFFICE, SINGAPORE 068906** not later than **5.00 p.m. on 10 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). Split Letters will then be issued to Entitled Scripholders in accordance with their request. No Split Letters will be issued to Entitled Scripholders if Form B is received after **5.00 p.m. on 10 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).
- 3.2 The Split Letters representing the number of Rights Shares which Entitled Scripholders intend to renounce, may be renounced by completing the Form for Renunciation (Form C) before delivery to the renounee(s). Entitled Scripholders should complete Form A of the Split Letter(s) representing that part of their provisional allotments of Rights Shares they intend to accept, if any, and forward the said Split Letter(s) together with payment (if required) in the prescribed manner to **HG METAL MANUFACTURING LIMITED C/O THE SHARE REGISTRAR, M & C SERVICES PRIVATE LIMITED, 138 ROBINSON ROAD, #17-00, THE CORPORATE OFFICE, SINGAPORE 068906** so as to arrive not later than **5.00 p.m. on 10 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company).
- 3.3 Entitled Scripholders who wish to renounce their entire provisional allotments of Rights Shares in favour of one person, or renounce any part of it in favour of one person and decline the balance, should complete Form C for the number of provisional allotments or Rights Shares which they wish to renounce and deliver the PAL in its entirety to the renounee(s).

### 4. PAYMENT

- 4.1 Payment in relation to the PALs must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**HG METAL RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name and address of the Entitled Scripholder or acceptor clearly written in block letters on the reverse side of the remittance. The completed PAL and remittance should be addressed and forwarded, at the sender's own risk, to **HG METAL MANUFACTURING LIMITED C/O THE SHARE REGISTRAR, M & C SERVICES PRIVATE LIMITED, 138 ROBINSON ROAD, #17-00, THE CORPORATE OFFICE, SINGAPORE 068906** so as to arrive not later than **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF PERSONAL CHEQUES, POSTAL ORDERS OR MONEY ORDERS ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**
- 4.2 If acceptance and payment in the prescribed manner as set out in this Offer Information Statement and the PAL is not received by **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company), the provisional allotments of Rights Shares will be deemed to have been declined and shall forthwith lapse and become void. Such provisional allotments of Rights Shares not so accepted will be used to satisfy excess applications, if any, or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. The Company will return all unsuccessful application monies received in connection therewith by ORDINARY POST and at the risk of the Entitled Scripholders or their renounee(s), as the case may be, without interest or any share of revenue or benefit arising therefrom, within fourteen (14) days after the Closing Date.

## 5. APPLICATION FOR EXCESS RIGHTS SHARES

- 5.1 Entitled Scripholders who wish to apply for Excess Rights Shares in addition to those which have been provisionally allotted to them may do so by completing the Excess Rights Shares Application Form (Form E) and forwarding it with a **SEPARATE REMITTANCE** for the full amount payable in respect of the Excess Rights Shares applied for in the form and manner set out in paragraph 4 above, at their own risk, to **HG METAL MANUFACTURING LIMITED C/O THE SHARE REGISTRAR, M & C SERVICES PRIVATE LIMITED, 138 ROBINSON ROAD, #17-00, THE CORPORATE OFFICE, SINGAPORE 068906**, so as to arrive not later than **5.00 p.m. on 13 February 2009** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Company). **NO OTHER FORM OF PAYMENT (INCLUDING THE USE OF PERSONAL CHEQUES, POSTAL ORDERS OR MONEY ORDERS ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**
- 5.2 The Excess Rights Shares available for application are subject to the terms and conditions contained in the PAL, Form E, this Offer Information Statement and (if applicable) the Memorandum and Articles of the Company. Applications for Excess Rights Shares will, at the Directors' absolute discretion, be satisfied from such Rights Shares as are not validly taken up by the Entitled Shareholders, the original allottee(s) or their respective renouncee(s) or the Purchaser(s) of the provisional allotments of Rights Shares, together with the aggregated fractional entitlements to the Rights Shares, the unsold "nil-paid" provisional allotment of Rights Shares (if any) of Foreign Shareholders and any Rights Shares that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the PAL, Form E, this Offer Information Statement and (if applicable) the Memorandum and Articles of the Company. In the event that applications are received by the Company for more Excess Rights Shares than are available, the Excess Rights Shares available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Substantial Shareholders and Directors will rank last in priority. The Company reserves the right to refuse, in whole or in part, any application for Excess Rights Shares without assigning any reason whatsoever.
- 5.3 If no Excess Rights Shares are allotted to Entitled Scripholders or if the number of Excess Rights Shares allotted to them is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to them by the Company without interest or any share of revenue or other benefit arising therefrom within fourteen (14) days of the Closing Date, BY ORDINARY POST at their own risk.

## 6. GENERAL

- 6.1 No acknowledgements or receipts will be issued in respect of any acceptances, remittances or applications.
- 6.2 **Entitled Scripholders who are in doubt as to the action they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.**
- 6.3 Upon listing and quotation on the Official List of the SGX-ST, the Rights Shares, when issued, will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Rights Shares effected through the SGX-ST and/or CDP shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the above are available from CDP.

- 6.4 **Entitled Scripholders and their renouncees who wish to accept the Rights Shares provisionally allotted to them and (if applicable) apply for Excess Rights Shares, and who wish to trade the Rights Shares issued to them on the SGX-ST under the book entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names if they do not already maintain such Securities Accounts in order that the number of Rights Shares and, if applicable, the Excess Rights Shares that may be allotted to them can be credited by CDP into their Securities Accounts. Entitled Scripholders and their renouncees who wish to accept and/or apply for the Excess Rights Shares and have their Rights Shares credited into their Securities Accounts must fill in their Securities Account numbers and/or NRIC/passport numbers (for individuals) or registration numbers (for corporations) in the relevant forms comprised in the PAL. Entitled Scripholders and their renouncees who fail to fill in their Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or who provide incorrect or invalid Securities Account numbers and/or NRIC/passport numbers or registration numbers (for corporations) or whose particulars provided in the forms comprised in the PAL differ from those particulars in their Securities Accounts currently maintained with CDP will be issued physical share certificates in their own names for the Rights Shares allotted to them and, if applicable, the Excess Rights Shares allotted to them. Such physical share certificates, if issued, will not be valid for delivery pursuant to trades done on the SGX-ST under the book entry (scripless) settlement system, although they will continue to be *prima facie* evidence of legal title.**
- 6.5 If the Entitled Scripholders' addresses stated in PAL are different from their addresses registered with CDP, they must inform CDP of their updated addresses promptly, failing which the notification letter, on successful allotments will be sent to their addresses last registered with CDP.
- 6.6 A holder of physical share certificate(s), or an Entitled Scripholder who has not deposited his share certificate(s) with CDP but who wishes to trade on the SGX-ST, must deposit with CDP his existing share certificate(s), together with the duly executed instrument(s) of transfer in favour of CDP, and have his Securities Account credited with the number of Rights Shares or Shares, as the case may be, before he can effect the desired trade.
- 6.7 **THE FINAL TIME AND DATE FOR ACCEPTANCES AND/OR APPLICATIONS AND PAYMENT FOR THE RIGHTS SHARES UNDER THE RIGHTS ISSUE IS 5.00 P.M. ON 13 FEBRUARY 2009 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE COMPANY).**

**LIST OF PARTICIPATING BANKS**

**PARTICIPATING BANKS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM:**

DBS Bank Ltd (including POSB)

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited



The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

For and on behalf of **HG METAL MANUFACTURING LIMITED**

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Tan Chan Too  
Executive Chairman

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Wee Piew  
Chief Executive Officer

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Lee Leng Loke  
Executive Director

---

Sia Ling Sing  
Non-executive Director

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Gui Kim Young @ Gui Kim Gan  
Independent Director

---

Poon Hon Thang, Samuel  
Independent Director

**Dated this 23<sup>rd</sup> day of January 2009**