



## HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

(Incorporated in Singapore)

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### RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE:

- (A) STRATEGIC FUNDRAISING FOR GROSS PROCEEDS OF APPROXIMATELY S\$19.75 MILLION
  - (B) SUPPORT AND COMMITMENT FROM CONTROLLING SHAREHOLDER
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## 1. INTRODUCTION

The Board of Directors ("Board" or "Directors") of HG Metal Manufacturing Limited ("Company", together with its subsidiaries, "Group"), is pleased to announce a renounceable non-underwritten rights issue ("Rights Issue") of up to 74,254,237 new ordinary shares in the capital of the Company ("Rights Shares") at an issue price of S\$0.266 ("Issue Price") for each Rights Share, on the basis of 10 Rights Shares for every 27 existing ordinary shares in the capital of the Company ("Shares") held by Entitled Shareholders (as defined herein) as at a time and date to be determined by the Board for the purpose of determining the entitlements of the Entitled Shareholders ("Record Date"), fractional entitlements to be disregarded.

## 2. RIGHTS ISSUE

2.1 The principal terms of the Rights Issue are as follows:

**Issue Price** : S\$0.266 for each Rights Share, payable in full upon acceptance and/or application.

**Discount (specifying benchmarks and periods)** : The Issue Price of S\$0.266 represents:

- (a) a discount of approximately 12.8% to the closing price of S\$0.305 per Share on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 October 2024 (being the last market day on which the Shares were traded on the SGX-ST immediately prior to the release of this announcement) ("Last Traded Price"); and
- (b) a discount of approximately 9.7% to the theoretical ex-rights price ("TERP")<sup>1</sup> of approximately S\$0.29 per Share based on the Last Traded Price.

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<sup>1</sup> TERP of each Share is calculated based on the following formula, assuming completion of the Rights Issue:

$$\text{TERP} = \frac{\text{Market Capitalisation of the Company based on the Last Traded Price} + \text{Gross Proceeds from the Rights Issue}}{\text{Number of Shares after Completion of the Rights Issue}}$$

This discount is priced to reward, and attract participation by, existing shareholders of the Company ("**Shareholders**") and takes into consideration, amongst others, the historical trading price of the Shares, the financial position and performance of the Group, the future prospects of the Group and the price at which the placement of Shares on 25 March 2024 was made to Green Esteel Pte. Ltd. ("**Green Esteel**").

- Allotment Ratio** : 10 Rights Shares for every 27 existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.
- Use of Proceeds** : Please refer to Paragraph 3 for further information on the use of proceeds.
- Purpose Rights Issue** : Please refer to Paragraph 3 for further information on the purpose of the Rights Issue.

Such terms and conditions are subject to changes as the Board may, in its absolute discretion, deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement ("**Offer Information Statement**") in connection with the Rights Issue, to be lodged with the Monetary Authority of Singapore ("**Authority**") and to be despatched or, as the case may be, disseminated by the Company to the Entitled Shareholders in due course.

## 2.2 Basis of Provisional Allotment

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), on the basis of 10 Rights Shares for every 27 existing Shares held by the Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

## 2.3 Size of the Rights Issue

As at the date of this announcement, the Company has an issued and paid-up share capital of 200,486,441 Shares (excluding treasury Shares) ("**Existing Share Capital**") and does not have any outstanding convertible securities.

Based on the Existing Share Capital and on the basis of the Irrevocable Undertaking (as elaborated in paragraph 3 below), up to 74,254,237 Rights Shares will be issued pursuant to the Rights Issue.

## 2.4 Ranking of the Rights Shares

The Rights Shares will be payable in full on acceptance and/or application and shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of issue of the Rights Shares.

For this purpose, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered with the Company, the Company's share registrar, Tricor Barbinder Share Registration Services ("**Share Registrar**"), or The

Central Depository (Pte) Limited ("CDP"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

## 2.5 Non-Underwritten Rights Issue

The Directors are of the opinion that there is no minimum amount that must be raised from the Rights Issue.

The Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the Irrevocable Undertaking by its controlling Shareholder, Green Esteel. There is therefore no need for the Company to incur underwriting fees and commission, and the Company can benefit and enjoy substantial savings therefrom.

## 3. IRREVOCABLE UNDERTAKING

3.1 As at the date of this announcement, Green Esteel owns, directly and/or indirectly, 58,140,000 Shares representing approximately 29.00% of the Existing Share Capital ("**Relevant Shares**"), and does not own any instruments convertible into, rights to subscribe for, or options in respect of, the Shares.

3.2 To demonstrate its confidence in the Rights Issue and its commitment and support to the Company, as well as keenness to increase its investment in the Company and more closely align its interest with the Company and its stakeholders, Green Esteel has executed a deed of irrevocable undertaking dated the same date hereof ("**Irrevocable Undertaking**") in favour of the Company, pursuant to which it has irrevocably undertaken to the Company, *inter alia*, that:

- (a) as at the Record Date, it will own, directly and/or indirectly, no less than the Relevant Shares;
- (b) it will not sell, transfer or otherwise dispose of the Relevant Shares on or prior to the Record Date;
- (c) it will, by way of acceptance, subscribe and pay for (or procure subscription and payment for) in full at the Issue Price, an aggregate of 21,533,330 Rights Shares (the aggregate value of which is approximately S\$5.73 million based on the Issue Price) to be provisionally allotted to it on the basis of the Relevant Shares ("**GE Undertaken Pro Rata Rights Shares**"); and
- (d) it will, by way of excess application, subscribe and pay for, at the Issue Price, all the Rights Shares which are not taken up by the other Shareholders who are eligible to participate in the Rights Issue or their renounees by way of acceptances and/or excess applications (subject to availability) ("**GE Undertaken Excess Rights Shares**").

3.3 On the basis of the Irrevocable Undertaking, the Rights Issue will be subscribed for in full.

3.4 The Irrevocable Undertaking is subject to:

- (a) the in-principle approval of the SGX-ST for the listing of and quotation for the Rights Shares on the Official List of SGX-ST and if such approval is granted subject to conditions, such conditions being acceptable to the Company and Green Esteel, and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue; and

- (b) the lodgment of the Offer Information Statement, together with all other accompanying documents in respect of the Rights Issue with the Authority.
- 3.5 Green Steel will procure the delivery to the SGX-ST of a confirmation from a bank that Green Steel has sufficient financial resources to satisfy the full payment for the GE Undertaken Pro Rata Rights Shares and the GE Undertaken Excess Rights Shares.
- 3.6 No commission or fee will be paid to Green Steel in connection with the provision or execution of the Irrevocable Undertaking.

#### **4. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

- 4.1 The Group has a strong Singapore branding and extensive international network of suppliers and customers which it has built up over the years. Leveraging on its approximately 300,000 sq ft of comprehensive and warehousing facilities located at Jalan Buroh, the Group intends to pivot its business strategies towards:
  - (a) seizing opportunities to grow and expand its core businesses, through:
    - (i) expanding the Group's business facilities to enhance operational efficiency and increase production capacity to meet rising market demands;
    - (ii) opening sales offices overseas to strengthen the Group's global presence, facilitating better market penetration and creating more sales opportunities; and
    - (iii) increasing inventory size to align with the Group's expansion plans and other general corporate and working capital purposes; and
  - (b) identifying potential strategic investments and/or acquisitions of synergistic businesses.

In this regard, no definitive agreement has been entered into in relation to the Group making strategic investments and/or acquisitions, and accordingly, there is no assurance or certainty that these potential transactions will materialise. Further announcement will be made by the Company via SGXNET if and when a definitive agreement in relation to any of these potential transactions, which is material, is reached.

- 4.2 The Rights Issue will enhance the Group's financial flexibility and position it to be agile, opportunistic and responsive to industry trends, commercial challenges and evolving customer demand, and enable it to leverage maximally on its track record to capitalise on and capture these abovementioned opportunities.
- 4.3 The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company and allow the Group to be less reliant on external sources of funding, thereby incurring lower external funding expenses.
- 4.4 In light of the above, the Directors believe that the Rights Issue is in the interest of the Company.

- 4.5 The net proceeds from the issue of the Rights Shares ("**Net Proceeds**") will be approximately S\$19.35 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$400,000. The Company intends to use the Net Proceeds in the following manner:

<b>Use of Net Proceeds</b>	<b>Allocation of Net Proceeds (S\$ million)</b>	<b>Approximate Allocation of Net Proceeds (%)</b>
Core business expansion	4.84 - 5.81	25 - 30
General working capital purposes	6.77 - 7.74	35 - 40
Making strategic investment and/or acquisitions	5.81 - 7.74	30 - 40
<b>Total</b>	<b>19.35</b>	<b>100</b>

- 4.6 Pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, invested in short-term money markets instruments and/or marketable securities and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.
- 4.7 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full year financial results announcement(s) and in the Company's annual report(s), until such time the Net Proceeds have been fully utilised. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.
- 4.8 In the event that the Net Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in its announcements and annual reports.

## **5. CONDITIONS OF THE RIGHTS ISSUE**

### **5.1 Approvals**

The Rights Issue is subject to, amongst others, the following:

- (a) the approval in-principle of the SGX-ST for the listing and quotation of the Rights Shares on the Official List of SGX-ST having been obtained and not having been withdrawn or revoked on or prior to the completion of the Rights Issue; and
- (b) the lodgement of the Offer Information Statement together with all other accompanying documents in respect of the Rights Issue with the Authority.

The Company will be applying to the SGX-ST to seek its in-principle approval for the listing of and quotation for the Rights Shares on the SGX-ST.

## 5.2 Authority to Issue the Rights Shares

The allotment and issue of the Rights Shares is proposed to be made pursuant to the authority under the share issue mandate ("**General Mandate**") granted by the Shareholders the Annual General Meeting of the Company held on 26 April 2024, pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 806 of the Listing Manual of the SGX-ST ("**Listing Manual**").

The General Mandate, amongst others, authorises the Directors to allot and issue Shares and/or instruments convertible into Shares, provided that the aggregate number of Shares to be issued pursuant to the General Mandate (including Shares to be issued in pursuance of instruments made pursuant to the General Mandate) does not exceed more than 50% of the total number of Shares as at the date of the approval of the General Mandate.

As at the date of approval for the General Mandate, the Company's issued share capital comprised 150,356,441 Shares (excluding treasury shares). Therefore, pursuant to the General Mandate, the Directors are authorised to allot and issue Shares and/or instruments convertible into Shares, provided that the aggregate number of Shares to be issued does not exceed 75,178,220. Based on the allotment ratio, the maximum number of Rights Shares to be issued pursuant to the General Mandate is 74,254,237. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, the proposed allotment and issue of the Rights Shares falls within the limit of the General Mandate.

## 6. POTENTIAL MANDATORY OFFER BY GREEN ESTEEL

6.1 Under Rule 14.1 of the Singapore Code on Take-overs and Mergers ("**Code**"), where any person (defined to include any body corporate) who, together with persons acting in concert with that person, acquires shares (taken together with that person and persons acting in concert) carry 30% or more of the voting rights of a company, such person is required to make a mandatory general offer for all the shares in the company which the person and/or persons acting in concert do not already own or control.

### 6.2 Green Esteel Minimum Resultant Holding after the Rights Issue

Assuming that:

- (a) there is no change in the number of Shares in which Green Esteel holds;
- (b) the number of Shares in issue as at the Record Date is 200,486,441 Shares;
- (c) the number of Shares in issue on completion of the Rights Issue is 274,740,678 Shares; and
- (d) all Rights Shares are subscribed for by the Shareholders and investors such that Green Esteel subscribes only for the GE Undertaken Pro Rata Rights Shares and is not required pursuant to the Irrevocable Undertaking to subscribe for any GE Undertaken Excess Rights Shares,

Green Esteel would hold in aggregate 79,673,330 Shares, representing approximately 29.00% of the Shares in issue immediately following the Rights Issue ("**Minimum Resultant Holding Scenario**").

### 6.3 Green Esteel Maximum Resultant Holding after the Rights Issue

Assuming that:

- (a) there is no change in the number of Shares in which Green Esteel holds;
- (b) the number of Shares in issue as at the Record Date is 200,486,441 Shares;
- (c) the number of Shares in issue on completion of the Rights Issue is 274,740,678 Shares; and
- (d) other than Green Esteel which subscribes for the GE Undertaken Pro Rata Rights Shares, no Shareholder or investor subscribes for any Rights Shares such that Green Esteel is required pursuant to the Irrevocable Undertaking to subscribe for all the GE Undertaken Excess Rights Shares,

Green Esteel would hold in aggregate 132,394,237 Shares, representing approximately 48.19% of the Shares in issue immediately following the Rights Issue ("**Maximum Resultant Holding Scenario**").

6.4 For illustrative purposes, the dilution effect to the shareholdings of the existing Shareholders after the issue of the Rights Shares is as set out below:

	Current Shareholding		After Completion of the Rights Issue			
	No. of Shares	% <sup>(1)</sup>	No. of Shares under the Minimum Resultant Holding Scenario	% <sup>(2)</sup>	No. of Shares under the Maximum Resultant Holding Scenario	% <sup>(2)</sup>
Green Esteel	58,140,000	29.00%	79,673,330	29.00%	132,394,237	48.19%
Other Shareholders	142,346,441	71.00%	195,067,348	71.00%	142,346,441	51.81%
<b>Total</b>	<b>200,486,441</b>	<b>100%</b>	<b>274,740,678</b>	<b>100%</b>	<b>274,740,678</b>	<b>100%</b>

Notes:

- (1) Based on a total of 200,486,441 Shares (excluding treasury Shares) in issue as at the date of this announcement.
- (2) Based on a total of 274,740,678 Shares in issue immediately following completion of the Rights Issue, including 74,254,237 Rights Shares.

6.5 As such, the fulfilment by Green Esteel of its obligations under the Irrevocable Undertaking may result in Green Esteel and its concert parties (collectively "**GE Concert Party Group**") owning 30% or more of the Shares in the Company ("**Relevant Event**"). In such event, unless the obligation is otherwise waived by the Securities Industry Council in accordance with the provisions of the Code, the GE Concert Party Group would incur an obligation to make a mandatory general offer ("**Compliance Offer**") for the remaining Shares not already owned or controlled by the GE Concert Party Group, in accordance with Rule 14 of the Code, at the highest price at which the GE Concert Party Group has acquired Shares in the six months preceding the Compliance Offer and during the period of the Compliance Offer.

- 6.6 Based on information available to Green Esteel as at the date of this announcement, the offer price which the GE Concert Party Group will be obliged to offer under the Compliance Offer (if any) will be the Issue Price.
- 6.7 Shareholders should note that the Relevant Event is dependent on the level of subscription by Shareholders and may not arise. It is possible the Compliance Offer is not necessary and will therefore not be made at all. Accordingly, Shareholders are advised to trade with caution.

## 7. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

### 7.1 Eligibility to Participate

The Company proposes to provisionally allot the Rights Shares to the Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders (each as defined herein), on the basis of their shareholdings as at the Record Date. Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement (through electronic dissemination, if applicable) together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the CDP or the Share Registrar, as the case may be.

Fractional entitlements to the 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 allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Board may, in its absolute discretion, deem fit.

### 7.2 Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts ("**Securities Accounts**") with CDP and whose registered addresses with CDP are in Singapore as at the Record Date or who have provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three Market Days<sup>2</sup> prior to the Record Date ("**Entitled Depositors**").

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Record Date.

### 7.3 Entitled Scripholders

Entitled Scripholders are Shareholders whose (a) share certificates are not deposited with CDP, (b) Shares are registered in their own names, and (c) registered addresses with the Share Registrar are in Singapore as at the Record Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three Market Days prior to the Record Date, and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Record Date ("**Entitled Scripholders**").

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<sup>2</sup> "Market Day" means a day on which the SGX-ST is open for trading in securities.



Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Record Date by the Share Registrar, in order to be registered to determine provisional allotments of Rights Shares.

#### 7.4 CPF Investment Scheme

Shareholders who have previously purchased Shares using their Central Provident Fund ("CPF") account savings ("CPF Funds") under the Central Provident Fund Investment Scheme ("CPFIS") may only use their CPF Funds for the payment of the Issue Price to subscribe for their provisional allotments of nil-paid Rights Shares and (if applicable) to apply for excess Rights Shares, subject to the applicable CPF rules and regulations. Such Shareholders who wish to accept provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved CPF agent banks with whom they hold their CPF investment accounts, to accept the provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement. CPF Funds may not be used to purchase provisional allotments of nil- paid Rights Shares directly from the market.

#### 7.5 Foreign Shareholders

The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws 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 legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched or, as the case may be, disseminated to Shareholders with registered addresses outside Singapore and who have not, at least three Market Days prior to the Record Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**") and accordingly, the Rights Shares will NOT be offered to Foreign Shareholders.

The Offer Information Statement and its accompanying documents will not be despatched (or, as the case may be, disseminated), lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. As Foreign Shareholders will not be entitled to participate in the Rights Issue, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefor by any Foreign Shareholder will be valid.

The Offer Information Statement and its accompanying documents will also NOT be despatched or, as the case may be, disseminated to persons purchasing entitlements to Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers may not accept any "**nil-paid**" rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold "nil-paid" on the SGX-ST, as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, 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 maintained by CDP as at the Record Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with as the Board may, in its absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company and/or CDP in connection therewith.

Where the 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, CDP, the Share Registrar and/or their respective officers in connection therewith. 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 new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for excess Rights Shares or disposed of or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

**SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE MAY PROVIDE AN ADDRESS IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS BY NOTIFYING IN WRITING, AS THE CASE MAY BE, (I) THE CENTRAL DEPOSITORY (PTE) LIMITED AT 2 SHENTON WAY #02-02 SGX CENTRE 1 SINGAPORE 068804 OR (II) TRICOR BARBINDER SHARE REGISTRATION SERVICES AT 9 RAFFLES PLACE, REPUBLIC PLAZA, TOWER I, #26-01, SINGAPORE 048619, IN EACH CASE, AT LEAST THREE MARKET DAYS PRIOR TO THE RECORD DATE.**

## **7.6 Provisional Allotments and Excess Applications**

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors only, trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares and will also be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue.

Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company.

Fractional entitlements to the Rights Shares, if any, will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments of Rights Shares which are not taken up for any reason, be aggregated and allotted to satisfy excess applications for excess Rights Shares (if any) or be disposed of or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit for the benefit of the Company subject to applicable laws and the Listing Manual.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights

Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

## **8. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that barring any unforeseen circumstances, after taking into account the Group's present bank facilities, the working capital available to the Group is sufficient to meet the Group's present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue shall be undertaken for the reasons stated in paragraph 3 of this announcement. For the reasons outlined above in paragraph 3, the Directors believe the Rights Issue is in the interests of the Group.

## **9. NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE**

The provisional allotments of Rights Shares as well as the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **10. PRIOR EQUITY FUNDRAISING IN THE PAST 12 MONTHS**

10.1 On 25 March 2024, the Company announced, *inter alia*, the entry into a conditional placement agreement with Green Esteeel, in relation to a proposed placement of Shares in the Company ("Placement Shares") ("Placement").

10.2 The Company had, pursuant to the Placement raised gross proceeds of approximately S\$13.33 million through:

- (a) the allotment and issue of a first tranche of 16,130,000 of Placement Shares to Green Esteeel on 28 June 2024, for an aggregate consideration of S\$4,290,580; and
- (b) the allotment and issue of a second tranche of 34,000,000 Placement Shares to Green Esteeel on 15 August 2024, for an aggregate consideration of S\$9,055,000.

10.3 The net proceeds from the Placement of approximately S\$13.05 million<sup>3</sup> are intended to be applied to fund capital expenditures for the growth of the Group's business and for general working capital purposes as well as other business expansion needs, in accordance with the stated use disclosed in the circular of the Company dated 12 June 2024. There has been no change to the intended use of the unutilised net proceeds from the Placement.

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<sup>3</sup> Based on a total share placement proceeds of S\$13.33 million, minus actual fees and expenses incurred of S\$0.28 million related to the placement.

10.4 As of the date of this announcement, the net proceeds from the Placement have not been utilised.

## **11. DIRECTORS' RESPONSIBILITY STATEMENT AND SUBSCRIPTION INTENTION**

11.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Rights Shares and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11.2 The Directors have indicated to the Company that, to the extent they hold any Shares as at the Record Date for the Rights Issue and any pro rata entitlements are allocated to them to subscribe for Rights Shares, they do not intend to exercise the same. This will enable other Shareholders further opportunity to subscribe for additional Rights Shares, and in particular, the Directors also welcome any potential increase in Green Esteel's stake in the Company, which will further align its interest with the Company and its stakeholders.

## **12. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares as there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax, legal or other professional adviser(s) immediately.

## **13. FURTHER ANNOUNCEMENT**

The Company will make the necessary announcement(s) as and when required and/or material developments arise in respect of the Rights Issue.

## **BY ORDER OF THE BOARD**

**Xiao Xia**  
Executive Director and Chief Executive Officer

11 October 2024