

## HG METAL MANUFACTURING LIMITED

(Company Registration Number: 198802660D)  
(Incorporated in Singapore)

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### PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE – RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SGX-ST

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#### 1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of HG Metal Manufacturing Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 11 October 2024 (the "**Rights Issue Announcement**") in relation to, *inter alia*, the proposed renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 74,254,237 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.266 for each Rights Share, on the basis of 10 Rights Shares for every 27 existing ordinary shares in the capital of the Company. Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Rights Issue Announcement.

#### 2. RECEIPT OF APPROVAL IN-PRINCIPLE

Further to the Rights Issue Announcement, the Board wishes to announce that the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") has on 7 November 2024 granted its approval in-principle for the listing of and quotation for up to 74,254,237 Rights Shares on the SGX-ST pursuant to the Rights Issue, subject to the following:

- (a) compliance with the SGX-ST's listing requirements for the Rights Issue;
- (b) submission of a written undertaking from the Company that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (c) submission of a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any excess Rights Shares; and
- (d) submission of a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that Green Esteel who has given the Irrevocable Undertaking has sufficient financial resources to fulfil its obligations under the Irrevocable Undertaking.

The Company has provided the written undertakings and confirmations referred to in subparagraphs (b), (c) and (d) above to the SGX-ST.

The approval in-principle granted by the SGX-ST for the admission of, listing of and quotation for the Rights Shares is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

#### 3. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Further to the Rights Issue Announcement and the rationale for the Rights Issue as described under paragraph 4 therein, the Board wishes to further clarify that the Company has decided to undertake the Rights Issue as, following the completion of:

- (a) the allotment and issuance of 12,529,703 Shares to each of Mr Xue Jun and Mr Zheng Dazhai on 19 September 2023, for an aggregate consideration of S\$3,483,257.434 each (the "**2023 Placement Exercise**"); and

- (b) the following placements of Shares to Green Esteel: (i) the allotment and issue of a first tranche of 16,130,000 Shares to Green Esteel on 28 June 2024, for an aggregate consideration of S\$4,290,580, and (ii) the allotment and issue of a second tranche of 34,000,000 Shares to Green Esteel on 15 August 2024, for an aggregate consideration of S\$9,044,000 (collectively, the "**2024 Placement Exercise**"),

and with Green Esteel having become the largest shareholder of the Company, the Company is now leveraging on the synergies of a closer relationship with Green Esteel and the strategic business opportunities available to the Group with Green Esteel as a key strategic investor, to make new plans to undertake an increase in its operations and seize opportunities to grow and expand its core businesses.

As stated under paragraph 4 of the Rights Issue Announcement, 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.

These new and current expansion plans will require additional funding and working capital which was not envisaged at the time of the 2023 Placement Exercise and 2024 Placement Exercise. Such additional funding is therefore intended to be raised by way of the Rights Issue, which unlike the 2023 Placement Exercise and the 2024 Placement Exercise will provide Shareholders with an opportunity to further participate in the equity of the Company.

The determination of the total fundraise amount and the aggregate Net Proceeds under the Rights Issue of approximately S\$19.35 million (including the allocation of such Net Proceeds to uses of core business expansion, general working capital purposes and the making of strategic investments and/or acquisitions), has taken into account the existing unutilised net proceeds of S\$0.42 million from the 2023 Placement Exercise and the 2024 Placement Exercise which remain available for use.

**BY ORDER OF THE BOARD  
HG METAL MANUFACTURING LIMITED**

Xiao Xia  
Executive Director and Chief Executive Officer

7 November 2024

**IMPORTANT NOTICE**

This announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue or subscribe for, or any solicitation of any offer to acquire, any Rights Shares or to take up any entitlements to Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Rights Shares except on the basis of the information contained in an offer information statement to be lodged by the Company with the Monetary Authority of Singapore. The information contained in this announcement is not for release, publication or distribution to persons in the United States and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of Rights Shares and the acquisition or purchase of the Rights Shares are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution of this announcement into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

**This announcement is not an offer for sale of securities in the United States or elsewhere. The provisional allotments of Rights Shares, the Rights Shares, the provisional allotment letters and/or the application forms for the Rights Shares and excess Rights Shares have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act. There will be no public offering of securities in the United States.**