

CIRCULAR DATED 14 APRIL 2016

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

This Circular is issued by HG Metal Manufacturing Limited (the “**Company**”). If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser(s) immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular together with the accompanying Notice of Extraordinary General Meeting and proxy form, to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



HG METAL MANUFACTURING LIMITED

(Company Registration Number: 198802660D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED SHARE CONSOLIDATION OF EVERY TEN (10) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 April 2016 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	29 April 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	15 Jurong Port Road, Orchid Room, Singapore 619119

CONTENTS

	PAGE
DEFINITIONS	2
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	5
2. PROPOSED SHARE CONSOLIDATION	5
3. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	13
4. DIRECTORS' RECOMMENDATION	14
5. EXTRAORDINARY GENERAL MEETING	14
6. ACTION TO BE TAKEN BY SHAREHOLDERS	14
7. DIRECTORS' RESPONSIBILITY STATEMENT	14
8. INSPECTION OF DOCUMENTS	15
NOTICE OF EXTRAORDINARY GENERAL MEETING	16
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

“Board”	:	The board of Directors of the Company as at the date of this Circular
“Books Closure Date”	:	The time and date, to be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, at and on which the Register of Members and the share transfer books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 14 April 2016
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Company”	:	HG Metal Manufacturing Limited
“Consolidated Shares”	:	Consolidated ordinary shares in the share capital of the Company following the completion of the Proposed Share Consolidation
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practice of the Company
“Controlling Shareholder”	:	A person (including a corporation) who: (a) holds, directly or indirectly, 15% or more of the total number of issued shares (excluding treasury shares) of the Company; or (b) in fact exercises Control over the Company
“Directors”	:	The directors of the Company as at the date of this Circular
“Effective Trading Date”	:	The date on which the Consolidated Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares, as defined in Section 2.5.1 of this Circular
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out in the Section entitled “Notice of Extraordinary General Meeting” of this Circular
“EPS”	:	Earnings per Share

“FY”	:	Financial year ended or ending 31 December (as the case may be)
“Group”	:	The Company and its subsidiaries as at the date of this Circular
“Latest Practicable Date”	:	5 April 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NTA”	:	Net tangible assets
“Proposed Share Consolidation”	:	The proposed consolidation of every ten (10) existing Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“Register of Members”	:	Register of members of the Company
“Securities Account”	:	A securities account maintained by a Depositor with CDP but not including a securities sub-account maintained with a Depository Agent
“SFA” or “Securities and Futures Act”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Share registrar of the Company, being M&C Services Private Limited
“Shareholders”	:	Registered holders of the Shares in the Register of Members, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total number of issued shares (excluding treasury shares) of the Company
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “subsidiary” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Any discrepancies in the tables included in this Circular between the total sum of amounts listed and the totals thereof are due to rounding. Accordingly, figures shown in totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

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

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

LETTER TO SHAREHOLDERS

HG METAL MANUFACTURING LIMITED

(Company Registration Number: 198802660D)
(Incorporated in the Republic of Singapore)

Board of Directors

Ching Chiat Kwong	(Non-Executive and Non-Independent Chairman)
Foo Sey Liang	(Executive Director)
Low See Ching	(Non-Executive Director)
Teo Yi-Dar (Zhang Yida)	(Non-Executive Director)
Ng Weng Sui Harry	(Independent Director)
Kesavan Nair	(Independent Director)

Registered Office

15 Jurong Port Road
Singapore 619119

To: The Shareholders of HG Metal Manufacturing Limited

Dear Sir/Madam

1. INTRODUCTION

The Directors are convening an EGM to be held on 29 April 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting (“AGM”) of the Company to be held at 10.00 a.m. on the same day and at the same place) to seek the approval of Shareholders for the Proposed Share Consolidation.

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Share Consolidation to be tabled at the EGM.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

2. PROPOSED SHARE CONSOLIDATION

2.1 Background

On 29 February 2016, the Company announced that it is proposing to seek Shareholders’ approval to undertake a share consolidation of every ten (10) existing Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded.

Subject to Shareholders’ approval being obtained for the Proposed Share Consolidation at the EGM, the Shareholders’ holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date. After the Books Closure Date, every ten (10) existing Shares registered in the name, or standing to the credit of the Securities Account, of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the

Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding the fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.

The Consolidated Shares shall rank *pari passu* in all respects with the then existing Shares and with each other, and will be traded in board lots of 100 Consolidated Shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of 1,306,121,962 shares (including 31,936,300 treasury shares). Subject to Shareholders' approval being obtained for the Proposed Share Consolidation and assuming that no new Shares will be issued up to the Books Closure Date, following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of approximately 130,612,196 Consolidated Shares (including 3,193,630 treasury shares and adjusted for rounding).

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.

The Proposed Share Consolidation will not cause any changes to the percentage shareholding in the Company of each Shareholder, other than non-material changes due to rounding.

The Company has no outstanding warrants or convertible securities as at the Latest Practicable Date.

2.2 Rationale

With effect from 2 March 2015, the SGX-ST implemented a minimum trading price requirement of S\$0.20 per share ("**MTP requirement**") for shares of issuers listed on the Mainboard of the SGX-ST as a continuing listing requirement.

A one-time transition period of 12 months from 2 March 2015 to 1 March 2016 will be given to affected issuers to undertake corporate actions to meet the MTP requirement. Issuers which have completed corporate actions to meet the MTP requirement by 1 March 2016 will be given an additional 6-month period to comply with such requirement. Any issuer unable to meet the MTP requirement as aforesaid will be placed on the watch-list, and will be delisted if it fails to exit the watch-list within 36 months from its placement on the watch-list.

The Company had applied for an extension of time of 6 months from the SGX-ST for the MTP requirement review date to be extended from 1 March 2016 to 1 September 2016 for the purpose of the Watch-list review. The Company obtained approval of the same on 26 February 2016. As such, the Company will be given an additional 6-month period to comply with the MTP requirement.

2.2.1 Reasons for Application for Extension of Time

The volume weighted average price of the Company's shares has been fluctuating below S\$0.20 for the last few months due to the volatility of the stock market, especially so in light of the uncertain global economic conditions and volatility in the prices of global equities in the second half of 2015 and early 2016. Notwithstanding so, the Company is of the view that its share prices is sustainable above S\$0.20 if it were to effect a share consolidation in light of the corporate plans and business strategies that the Group has embarked on.

The Company had announced on 12 October 2015 that it intended to expand its steel trading operations into Myanmar by way of a joint venture with a Myanmar company. The Group originally intended to obtain shareholders' approval for the share consolidation and the proposed expansion into Myanmar together. As markets have been volatile, the Company is still carrying out its due diligence on the Myanmar company and the proposed expansion will be delayed. Hence, the Company has decided to seek shareholders' approval for the share consolidation at the EGM.

Please refer to the Company's announcement dated 12 October 2015 for further details regarding the proposed expansion into Myanmar.

2.2.2 Conditions of Waiver

The waiver granted by the SGX-ST is subject to the following conditions:

- a. The Company announcing the Proposed Share Consolidation and the indicative timeline of the Proposed Share Consolidation by 29 February 2016;
- b. The Company announcing the period of extension granted, the reasons for seeking the extension of time and the conditions as required under Listing Rule 107;
- c. Submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company; and
- d. Submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company

As at the Latest Practicable Date, the Company has complied with all the conditions imposed by the SGX-ST regarding the waiver. Please refer to the announcement dated 29 February 2016 for further details regarding the waiver granted by the SGX-ST.

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as the Proposed Share Consolidation would facilitate the Company's ability to satisfy the continuing listing requirement imposed by the SGX-ST for issuers listed on the Mainboard of the SGX-ST to have a minimum trading price per share of S\$0.20.

2.2.3 6-month Historical Share Price

For the six-month period between prior to the Latest Practicable Date, the absolute price of the Shares had traded in a range of between 0.034 and 0.049. The relevant data, along with the transacted volume of the Shares for each month are as follows:

Month	Highest Price (S\$)	Lowest Price (S\$)	Volume of Shares traded
October 2015	0.049	0.039	5,433,400
November 2015	0.048	0.039	5,773,100
December 2015	0.040	0.037	3,707,800
January 2016	0.043	0.035	20,582,300
February 2016	0.039	0.034	1,604,400
March 2016	0.045	0.034	5,118,300
1 April 2016 to the Latest Practicable Date	0.034	0.034	–

Source: *Shareinvestor.com*

As at the Latest Practicable Date, the closing market price of the Shares which were traded on the SGX-ST is S\$0.034. Upon completion of the Proposed Share Consolidation, the theoretical share price of each Consolidated Share will be S\$0.34, which complies with the MTP requirement.

The six-month volume weighted average price of each Share for trades done on the Mainboard of the SGX-ST from 5 October 2015 to the Latest Practicable Date is S\$0.04. Upon completion of the Proposed Share Consolidation, the theoretical adjusted six-month volume weighted average price of each Consolidated Share will be S\$0.40, which complies with the MTP requirement.

Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 Approvals and Conditions

Pursuant to the constitution of the Company, the implementation of the Proposed Share Consolidation is subject to Shareholders' approval by way of an ordinary resolution at the EGM.

The Proposed Share Consolidation is subject to, *inter alia*, the following:

- (i) the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Official List of the SGX-ST; and
- (ii) the approval of Shareholders for the Proposed Share Consolidation at the EGM.

On 23 March 2016, the Company announced that it had obtained the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for up to 130,612,196 Consolidated Shares subject to the following conditions:

- (a) Shareholders' approval for the Proposed Share Consolidation being obtained at the EGM to be convened; and
- (b) compliance with the listing requirements of the SGX-ST.

The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Consolidated Warrants, the Consolidated Warrant Shares, the Company and/or its subsidiaries.

An announcement will be made by the Company to notify Shareholders of the date when the Proposed Share Consolidation will become effective and the date on which the Consolidated Shares will commence trading on the SGX-ST in board lots of 100 Consolidated Shares as well as the Books Closure Date in due course.

2.4 Updating of Register of Members and Depository Register

If Shareholders approve the Proposed Share Consolidation at the EGM, the Shareholders' entitlements of the Consolidated Shares will be determined on the Books Closure Date, based on their shareholdings as at 5.00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings in the Company as at the Books Closure Date and the Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

2.4.1 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar at 112 Robinson Road #05-01 Singapore 068902, for cancellation and issuance of New Share Certificates in replacement thereof as described in paragraph 2.4.2 of this Circular. Upon receipt of the New Share Certificates in their own names, Shareholders may then proceed to deposit these New Share Certificates in their own names with CDP.

2.4.2 Issue of New Share Certificates

Depositors and Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar at 112 Robinson Road #05-01 Singapore 068902, as soon as possible after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates, and preferably, not later than five Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. No acknowledgement of receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members.

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

2.4.3 Share Certificates not Valid for Settlement of Trades on the Mainboard of the SGX-ST

Shareholders are reminded that their physical share certificates are not valid for settlement of trading in the Shares on the Mainboard of the SGX-ST, as the Company is under a book-entry (scripless) settlement system. After the date on which the Proposed Share Consolidation becomes effective, their Old Share Certificates will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the Mainboard of the SGX-ST although they will continue to be *prima facie* evidence of legal title.

2.5 Trading Arrangement for the Shares and Odd Lots

2.5.1 Trading Arrangements for the Shares

Subject to Shareholders' approval of the Proposed Share Consolidation at the EGM, with effect from 9.00 a.m. on the Market Day immediately following the Books Closure Date (the "**Effective Consolidation Date**"), every ten (10) existing Shares held by each Shareholder will be consolidated into one (1) Consolidated Share. Notwithstanding that the Proposed Share Consolidation will become effective on the Effective Consolidation Date, the Shares will commence trading as Consolidated Shares from 9.00 a.m. on the day falling three (3) Market Days before the Effective Consolidation Date (the "**Effective Trading Date**") as trades on SGX-ST are settled on a "T+3" settlement cycle, which means that a purchase or sale of Shares on day T will be settled three (3) Market Days later.

Accordingly, for the trading purposes:

- (i) trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date; and
- (ii) trading in the Consolidated Shares will commence from 9.00 a.m. on the Effective Trading Date.

2.5.2 Trading Arrangements for Odd Lots of Consolidated Shares

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid. Shareholders (being Depositors) who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares. Odd lots are likely to be created as a result of the Proposed Share Consolidation.

All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding the fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

2.6 Financial Effects

The financial effects of the Proposed Share Consolidation on the NTA per Share, EPS and gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company or the Group after the completion of the Proposed Share Consolidation. The financial effects have been computed based on the audited consolidated financial statements of the Company for the year ended 31 December 2015 (FY2015), being the most recently completed financial year as at the Latest Practicable Date.

2.6.1 Share Capital

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Issued and paid-up Share Capital (S\$'000)	150,146	150,146
Number of Shares ⁽¹⁾	1,274,185,662	127,418,566

Note:

- (1) Based on the total issued Shares in the Company (excluding treasury shares) as at the Latest Practicable Date.

2.6.2 NTA

The effects of the Proposed Share Consolidation on the NTA per Share of the Group for FY2015, assuming that the Proposed Share Consolidation had been effected at the end of FY2015 are as follows:

FY2015	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
NTA (S\$'000)	129,244	129,244
Number of Shares ⁽¹⁾	1,274,185,662	127,418,566
NTA per Share (S\$ cents)	10.14	101.43

Note:

- (1) Based on the total issued Shares in the Company (excluding treasury share) as at the Latest Practicable Date.

2.6.3 EPS

The effects of the Proposed Share Consolidation on the EPS of the Group for FY2015, assuming that the Proposed Share Consolidation had been effected at the beginning of FY2015 are as follows:

FY2015	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Profit attributable to Shareholders (S\$'000)	(5,455)	(5,455)
Weighted average number of Shares ⁽¹⁾	1,274,380,666	127,438,066
Basic and diluted EPS (S\$ cents)	(0.43)	(4.28)

Note:

- (1) Based on weighted average number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.

2.6.4 Gearing

The Proposed Share Consolidation will not affect the gearing of the Group.

3. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Interests in the Company

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Foo Sey Liang ⁽²⁾	–	–	284,050,000	22.29
Teo Yi-Dar (Zhang Yida) ⁽³⁾	–	–	133,500,000	10.48
Substantial Shareholder				
Flame Gold International Limited	284,050,000	22.29	–	–
SEAVI Advent Investments Ltd ⁽⁴⁾	–	–	133,500,000	10.48
Rise Capital Ventures Ltd	80,100,000	6.29	–	–
Aung Tin Htut ⁽⁵⁾	–	–	80,100,000	6.29
Chye Hin Hardware Pte. Ltd.	86,086,574	6.76	–	–
Yap Xi Ming ⁽⁶⁾	5,710,000	0.45	86,123,128	6.76
Tan Kim Seng ⁽⁷⁾	4,000,088	0.31	86,086,574	6.76

Notes:

- (1) Based on a total of 1,274,185,662 Shares in the capital of the Company (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Foo Sey Liang is deemed to be interested in the 284,050,000 Shares held by Flame Gold International Limited, by virtue of Section 7 of the Act.
- (3) Mr Teo Yi-Dar (Zhang Yida) is deemed to be interested in the 133,500,000 Shares held by Seavi Advent Investments Ltd by virtue of Section 7 of the Act. SEAVI Advent Investments Ltd (“SEAVI”) is an investment holding company incorporated in the British Virgin Islands. SEAVI is beneficially owned by SEAVI Advent Equity VI (Cayman) L.P. and Ocean Private Equity III Fund Limited (collectively known as the “SEAVI Advent Funds”). The SEAVI Advent Funds are private equity funds managed by SEAVI Advent Corporation Limited.
- (4) SEAVI is an investment holding company incorporated in the British Virgin Islands. SEAVI is beneficially owned by the SEAVI Advent Funds. The SEAVI Advent Funds are private equity funds managed by SEAVI Advent Corporation Limited.
- (5) Aung Tin Htut is deemed to be interested in the 80,100,000 shares in the capital of the Company which Rise Capital Ventures Ltd has an interest in, by virtue of Section 7 of the Act.
- (6) Yap Xi Ming holds approximately 33.33% in the share capital of Chye Hin Hardware Pte. Ltd. (“Chye Hin”) and is therefore deemed interested in the 86,086,574 Shares held by Chye Hin by virtue of Section 7 of the Act. He is also deemed to be interested in the 36,554 shares held by CIMB Securities (S) Pte Ltd as his nominee.
- (7) Tan Kim Seng holds approximately 25% in the share capital of Chye Hin and is therefore deemed interested in the 86,086,574 Shares held by Chye Hin by virtue of Section 7 of the Act.

3.2 Interests in the Proposed Share Consolidation

None of the Directors or Controlling Shareholders has any interest, direct or indirect, in the Proposed Share Consolidation, other than through their respective shareholdings (if any) in the Company.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Proposed Share Consolidation is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Share Consolidation set out in the notice of EGM.

Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective stockbroker, bank manager, solicitor, accountant or other professional adviser.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 15 of this Circular, will be held at 15 Jurong Port Road, Orchid Room, Singapore 619119 on 29 April 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution in respect of the Proposed Share Consolidation set out in the notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 15 Jurong Port Road Singapore 619119 not later than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy/proxies shall be deemed to be revoked by such attendance.

6.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 15 Jurong Port Road Singapore 619119 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the constitution of the Company; and
- (ii) the annual report of the Company for FY2015.

Yours faithfully

For and on behalf of the Board of Directors
HG Metal Manufacturing Limited

Foo Sey Liang
Executive Director

HG METAL MANUFACTURING LIMITED

(Company Registration Number: 198802660D)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of **HG METAL MANUFACTURING LIMITED** (the “**Company**”) will be held at 15 Jurong Port Road, Orchid Room, Singapore 619119 on 29 April 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION: PROPOSED SHARE CONSOLIDATION

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to the shareholders of the Company dated 14 April 2016.

THAT:

- (a) the proposed consolidation of every ten (10) Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share be and is hereby approved;
- (b) any fractions of Consolidated Shares arising from the Proposed Share Consolidation pursuant to paragraph (a) above shall be disregarded, and all fractional entitlements arising from the implementation of the Proposed Share Consolidation shall be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company including (i) disregarding the fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company;
- (c) the Directors be and are hereby authorised to fix the Books Closure Date and the Effective Trading Date in their absolute discretion as they deem fit; and
- (d) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as may be required) as they or he may consider necessary, desirable or expedient to give full effect to this ordinary resolution.

By Order of the Board
HG METAL MANUFACTURING LIMITED

Foo Sey Liang
Executive Director
14 April 2016

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
- (2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.
- (3) The instrument appointing a proxy must be duly deposited at the registered office of the Company at 15 Jurong Port Road Singapore 619119 not later than 48 hours before the time appointed for the holding of the EGM.
- (4) The instrument appointing a proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) A Depository's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

Personal Data Privacy:

"Personal data" in this Notice of EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your personal data and your proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

HG METAL MANUFACTURING LIMITED

(Company Registration Number: 198802660D)

(Incorporated in the Republic of Singapore)

Important:

This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

EXTRAORDINARY GENERAL MEETING

I/We* _____ (Name) NRIC/Passport number* _____
of _____ (Address)
being a shareholder/shareholders* of HG Metal Manufacturing Limited (the “Company”) hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the “Meeting”) of the Company to be held at 15 Jurong Port Road, Orchid Room, Singapore 619119 on 29 April 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the AGM of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the EGM shall be decided by way of poll.

Ordinary Resolution	For**	Against**
The proposed share consolidation of every ten Shares into one Consolidated share		

* Delete accordingly

** Please indicate your vote “For” or “Against” with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

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

Signature(s) of Shareholder(s) or Common
Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
3. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 15 Jurong Port Road Singapore 619119 not later than forty-eight (48) hours before the time appointed for the EGM.
5. Where a member appoints more than one proxy, he shall specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 14 April 2016.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.