

CIRCULAR DATED 17 OCTOBER 2024

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

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

The purpose of this Circular is to explain to the Shareholders the rationale and provide information relating to, and to seek Shareholders’ approval, for the Proposed IPT Mandate (as defined herein) to be tabled at the Extraordinary General Meeting (“**EGM**”) of the Company to be held on 1 November 2024 at 10:30 a.m. at 28 Jalan Buroh, Singapore 619484. The Notice of EGM and the Proxy Form are enclosed with this Circular.

Printed copies of this Circular will not be sent to Shareholders. If you have sold or transferred all or any of your ordinary shares in the capital of the Company (the “**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward the Notice of EGM (as defined herein), the accompanying Proxy Form (as defined herein) and the Request Form (to request for a printed copy of the Circular), to the purchaser or transferee as arrangements will be made by CDP for a separate Notice of EGM, the Proxy Form and the Request Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares held in physical share certificate(s) which are not deposited with the CDP, you should immediately inform the purchaser or transferee or the bank, stockbroker or agent through whom you effected the sale or transfer, for onward notification to the purchaser or transferee, that this Circular (together with the Notice of EGM, the accompanying Proxy Form and the Request Form) may be accessed on SGXNET (<https://www.sgx.com/securities/company-announcements>) or the Company’s website at (<https://hgmatal.listedcompany.com/newsroom.html>).



HG METAL

HG METAL MANUFACTURING LIMITED

(Company Registration No.: 198802660D)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED ADOPTION OF A GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS

Independent Financial Adviser in respect of the Proposed IPT Mandate



XANDAR CAPITAL PTE. LTD.

(Company Registration No.: 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	30 October 2024 at 10:30 a.m.
Date and time of EGM	:	1 November 2024 at 10:30 a.m.
Place of EGM	:	28 Jalan Buroh, Singapore 619484

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“9M2024”	:	The nine (9) months ended 30 September 2024
“AGM”	:	Annual general meeting of the Company
“Approving Executives”	:	Being the CEO and/or such other senior executive(s) of the Company designated by the ARC from time to time to approve Mandated Transactions in accordance with the approval thresholds as set out in Section 2.6(b) of this Circular, provided that each such senior executive(s) (including the CEO) are persons who are unrelated to the Mandated Interested Person. As at the Latest Practicable Date, “senior executive(s)” refers to the Group Senior Sales Manager and the Chief Financial Officer
“ARC”	:	Audit & Risk Committee
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“BRC”	:	BRC Asia Limited
“Business Day”	:	A day (excluding Saturdays, Sundays and gazetted public holidays) on which banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief Executive Officer of the Group
“Circular”	:	This circular to Shareholders dated 17 October 2024
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	HG Metal Manufacturing Limited
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless the SGX-ST determines otherwise); or (b) in fact exercises control of the Company
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS

DEFINITIONS

“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Director”	:	A director of the Company as at the Latest Practicable Date
“EGM” or “Extraordinary General Meeting”	:	The extraordinary general meeting of the Company to be held on 1 November 2024 at 10:30 a.m., notice of which is set out on pages N-1 to N-3 of this Circular
“Estee!”	:	Green Estee! Pte. Ltd.
“Estee! Group”	:	Estee! and its associates
“FY2023”	:	The financial year ended 31 December 2023
“FY2024 Contracts”	:	Contracts entered into between the Group and BRC in relation to purchase of Goods and provision of Services from BRC and sale of Goods and provision of Services by the Group for the period from 1 January 2024 to 14 August 2024, further details as set out in Section 2.2 of this Circular
“Goods”	:	Being materials and products required for the Group’s ordinary course of business, further details as set out in Section 2.5(a) of this Circular
“Group”	:	The Company and its subsidiaries
“IFA”	:	Xandar Capital Pte. Ltd.
“IFA Letter”	:	The letter dated 17 October 2024 from the IFA to the Directors in relation to the Proposed IPT Mandate
“Latest Practicable Date”	:	30 September 2024, being the latest practicable date prior to the publication of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
“Mandated Interested Person”	:	The interested person to be covered under the Proposed IPT Mandate, namely BRC, further details as set out in Section 2.4 of this Circular

DEFINITIONS

“Mandated Transactions” or each a “Mandated Transaction”	:	The categories of recurrent interested person transactions, namely the sale and/or purchase of Goods, and/or the provision and/or receipt of Services to, or from, the Mandated Interested Person, further details as set out in Section 2.5 of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Notice of EGM”	:	The notice of EGM as set out on pages N-1 to N-3 of this Circular
“NTA”	:	Net tangible assets
“Other Contracts”	:	Contracts for the sale of Goods and provision of Services by the Group to the Mandated Interested Person, and the receipt of Services from the Mandated Interested Person as set out in Section 2.6(b)(ii) of this Circular
“Proposed IPT Mandate”	:	The proposed adoption of a shareholders’ mandate for recurrent interested person transactions to be entered into by the Company with the Mandated Interested Person in the ordinary course of business pursuant to Rule 920 of the Listing Manual and as set out in Section 2 of this Circular
“Proxy Form”	:	The proxy form in respect of the EGM as enclosed to the Notice of EGM
“Purchase of Goods Contracts”	:	Contracts for the purchase of Goods by the Group from the Mandated Interested Person as set out in Section 2.6(b)(i) of this Circular
“Register of Members”	:	The register of members of the Company
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Services”	:	Comprising prefabrication services and value-added services, further details of which are set out in Section 2.5(c) of this Circular
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Shareholders”	:	Persons who are registered as holders of Shares in the register of members of the Company except that where the registered holder is CDP, the term “Shareholders” shall mean the Depositors who have Shares credited to their Securities Accounts
“Share Registrar”	:	The share registrar of the Company, being Tricor Barbinder Share Registration Services
“Shares”	:	Ordinary shares in the capital of the Company
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who purchase Shares pursuant to the SRS
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
“US\$”	:	United States dollars
“\$” or “S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

Depositors, etc. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the SFA.

Genders. 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. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular 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 SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

DEFINITIONS

Subsidiary and Related Corporation. References to “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Shares. Unless the context otherwise requires, references in this Circular to the total number of Shares (excluding Shares in treasury) is a reference to a total of 200,486,441 Shares in issue as at the Latest Practicable Date. As at the Latest Practicable Date, the Company holds 5,314,330 Shares in treasury and there are no subsidiary holdings.

Associates. Unless the context otherwise requires, references to “**associates**” shall have the meaning ascribed to it in the Listing Manual.

Time and Date. Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Legal Adviser. Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposed IPT Mandate.

LETTER TO SHAREHOLDERS

HG METAL MANUFACTURING LIMITED

(Company Registration No.: 198802660D)
(Incorporated in the Republic of Singapore)

Directors:

Ong Hwee Li (*Independent Non-Executive Chairman*)
Xiao Xia (*Executive Director and Chief Executive Officer*)
Ong Lizhen, Daisy (*Independent Non-Executive Director*)
Ng Chuey Peng (*Independent Non-Executive Director*)

Registered Office:

28 Jalan Buroh
Singapore 619484

17 October 2024

To: **The Shareholders of HG Metal Manufacturing Limited**

Dear Sir/Madam,

PROPOSED IPT MANDATE**1. INTRODUCTION**

The Directors are convening an EGM to be held on 1 November 2024 to seek the approval of the Shareholders for the adoption of the Proposed IPT Mandate.

The purpose of this Circular is to provide Shareholders with information relating to the Proposed IPT Mandate to seek Shareholders' approval for the same at the EGM. The Notice of EGM is set out on pages N-1 to N-3 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.

2. THE PROPOSED IPT MANDATE**2.1 Chapter 9 of the Listing Manual**

Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

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Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or any of its associated companies which are controlled by the listed group and its interested person(s) (other than a subsidiary or associated company that is listed on the SGX-ST or an approved stock exchange) proposes to enter into transactions with the listed company's interested persons, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval if the value of the transaction is equal to or exceeds certain financial thresholds. In particular:

- (a) where the value of any such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company and its subsidiaries and is less than 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement is required;
- (b) where the value of any such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement and shareholders' approval is required;
- (c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, the listed company must make an immediate announcement of the latest transactions, and all future transactions entered into with that same interested person during that financial year; and
- (d) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement must be made and shareholders' approval must be obtained in respect of the latest and all future transactions entered into with that interested person during that financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The rules referred to above do not apply to any transaction below S\$100,000. However, while such transactions below S\$100,000 are not normally aggregated under Rules 905(3) and 906(2) of the Listing Manual, the SGX-ST may aggregate any such transactions entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Manual.

Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

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Under the Listing Manual:

- (i) an “**entity at risk**” means:
 - (a) the listed company;
 - (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (ii) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;
- (iii) an “**associate**”:
 - (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (1) his immediate family (that is, the person’s spouse, child, adopted-child, step-child, sibling and parent);
 - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
 - (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (iv) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (v) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (vi) a “**transaction**” includes:
 - (a) the provision or receipt of financial assistance;
 - (b) the acquisition, disposal or leasing of assets;
 - (c) the provision or receipt of services;

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- (d) the issuance or subscription of securities;
- (e) the granting of or being granted options; and
- (f) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

2.2 Background

The Group is principally engaged in the business of manufacture and supply of high-quality steel products (such as structural steel, reinforcing bar and wire mesh), providing comprehensive concrete reinforcement solutions and offering additional value-added services such as steel plate rentals and finishing services, including galvanizing, coating, cutting, and drilling. As a reinforcement steel total solutions service provider, the Group offers a complete range of reinforcing steel products and services that include reinforcing steel bars, cut-and-bend services, prefabrication services, rebar mechanical splices and threads and welded wire meshes. The Group has a state-of-the art production facilities in Singapore with fully automated production lines which can produce up to 180,000 tonnes of steel products annually. The Group also generates revenue from its trading segment where it sources for a wide range of steel products from its extensive network of suppliers worldwide and distribute to its customers in ASEAN countries.

Esteeel increased its stake in the Company from about 5.33% to approximately 14.5% on 28 June 2024, and to approximately 29.0% on 15 August 2024 through two (2) tranches of placement exercises. Accordingly, Esteeel became a Controlling Shareholder of the Company on 15 August 2024 and remains a Controlling Shareholder of the Company as at the Latest Practicable Date. Based on the Register of Substantial Shareholders maintained by the Company, Esteeel held 58,140,000 Shares representing approximately 29.0% of the issued and paid-up share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date. Further information on the placement exercises may be found in the Company's announcements dated 27 June 2024, 12 August 2024 and 15 August 2024 as well as the Company's circular to Shareholders dated 12 June 2024.

Pursuant to Rule 904(4) of the Listing Manual, Esteeel and its associates (the "**Esteeel Group**") are deemed as interested persons of the Company within the meaning of Chapter 9 of the Listing Manual, and transactions between the Group and any member of the Esteeel Group are deemed interested person transactions within the meaning of Chapter 9 of the Listing Manual.

In particular, as at the Latest Practicable Date, Esteeel holds approximately 61.16% of the issued and paid-up share capital of BRC, another company listed on the Main Board of the SGX-ST. Accordingly, BRC is an associate of Esteeel and deemed as an interested person of the Company within the meaning of Chapter 9 of the Listing Manual.

BRC is a major supplier of the Group and the Group has been regularly transacting with BRC since 2003, prior to the Esteeel Group becoming an interested person of the Company within the meaning of Chapter 9 of the Listing Manual on 15 August 2024. BRC, which was listed on the Main Board of the SGX-ST since 2000, offers a full suite of reinforcing steel products and services that include standard length rebar, cut-and-bend services, prefabrication services as well as standard and customised welded wire mesh for the building and construction industry with network of operations spanning Singapore, Malaysia, Australia and China.

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For completeness of disclosure, for the period from 1 January 2024 to 14 August 2024 (being the date immediately preceding the date on which Esteel became a Controlling Shareholder of the Company):

- (a) the total value of the contracts entered into between the Group and BRC for the purchase of Goods and receipt of Services aggregated approximately S\$77.09 million, representing approximately 73.43% of the Group's latest audited NTA of approximately S\$105.0 million as at 31 December 2023; and
- (b) the total value of the contracts entered into between the Group and BRC for the sale of Goods and provision of Services aggregated approximately S\$0.45 million, representing approximately 0.43% of the Group's latest audited NTA of approximately S\$105.0 million as at 31 December 2023,

(collectively, the “**FY2024 Contracts**”).

As the FY2024 Contracts were entered into before 15 August 2024, with terms relating to, *inter alia*, price and quantity already fixed at the time of contract signing, they do not constitute interested person transactions under Chapter 9 of the Listing Manual. As at the Latest Practicable Date, (i) delivery of Goods and provision and receipt of Services and (ii) payment (whether in full or partially in the form of a deposit or advance) have been completed under majority of the orders under the FY2024 Contracts, with the remaining value of approximately S\$40.21 million of orders pending fulfilment. The Group has not entered into any transactions with the Esteel Group and its associates (including BRC) since 15 August 2024.

2.3 Rationale for the Proposed IPT Mandate

Given that BRC has been a major supplier of the Group prior to Esteel becoming a Controlling Shareholder of the Company, it is in the interests of the Group to continue entering into, certain recurrent transactions with BRC, as set out in **Section 2.5** of this Circular below, in the ordinary course of business, provided that such Mandated Transactions are entered into on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The Proposed IPT Mandate enables the Group to continue to purchase Goods and/or procure Services from a well-established and reliable supplier, namely BRC, for the Group's operational needs, and also enables the Group to, from time to time, sell Goods and/or provide Services to BRC, and to generate revenue and improve the utilisation rate of its production facilities from such transactions.

The Group envisages that such Mandated Transactions will occur with some degree of frequency and could arise at any time and from time to time, as they are recurring transactions and are part of the day-to-day operations of the Group.

In lieu of seeking the specific approval of Shareholders for such contracts which are in the Group's ordinary course of business whenever the need arises and in view of the time-sensitive nature of commercial transactions, the Company is proposing the adoption of the Proposed IPT Mandate, pursuant to Chapter 9 of the Listing Manual, to enable the Group to enter in the ordinary course of business into the Mandated Transactions with BRC as the Mandated Interested Person, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.

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The adoption of the Proposed IPT Mandate will:

- (a) facilitate the entry into Mandated Transactions (as defined in **Section 2.5** below) with the Mandated Interested Person in the ordinary course of the Group's businesses;
- (b) give the Group the ability to select transactions, suppliers, customers or business relationships on the basis of which provides the best commercial advantage to the Group regardless of the Mandated Interested Person's relationship as an interested person of the Company; and
- (c) eliminate the need to convene separate general meetings under Chapter 9 of the Listing Manual, to seek Shareholders' approval as and when material Mandated Transactions occur, thereby:
 - (i) substantially reducing administrative time and costs associated with the convening of such meetings;
 - (ii) avoiding delay in the execution of the Mandated Transactions which are time sensitive in nature;
 - (iii) enabling the Group to maintain its overall competitiveness and not be disadvantaged as compared to its competitors which may not require Shareholders' approval to be obtained for entering into such transactions; and
 - (iv) allowing manpower resources and time to be channeled towards attaining corporate objectives rather than to the convening of repeated Shareholders' meetings.

2.4 Mandated Interested Person

The Proposed IPT Mandate will apply to transactions in the categories described in **Section 2.5** of this Circular, between the Company and BRC as the Mandated Interested Person, being an associate of Esteel. BRC is listed on the Main Board of the SGX-ST and is principally engaged in the business of prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences.

2.5 Categories of Mandated Transactions

The Mandated Transactions to which the Proposed IPT Mandate will apply, and the benefits to be derived therefrom, comprise:

- (a) the purchase of Goods (comprising all materials and products which the Group requires for its ordinary course of business including but not limited to raw materials, commodities and intermediate goods, comprising steel, steel products, steel-related products and steel by-products, such as steel bars (including steel reinforcing bars), rods, wire meshes, plates and prefabricated steel products) by the Group from the Mandated Interested Person;
- (b) the sale of Goods by the Group to the Mandated Interested Person;

LETTER TO SHAREHOLDERS

- (c) the receipt of Services (comprising (i) reinforcing steel bars cut and/or bent to requirement; and (ii) prefabrication services and value-added services. Prefabrication services include fabrication of steel structures and components, such as prefabricated cages for use in reinforced concrete construction and value-added services such as supply of reinforcing steel splicing solutions and/or concreting accessories, where applicable) by the Group from the Mandated Interested Person; and
- (d) the provision of Services by the Group to the Mandated Interested Person.

Transactions between the Group and the Mandated Interested Person in the ordinary course of business for the provision and/or procurement of Services to and from the Mandated Interested Person may also encompass the supply of Goods such as materials necessary for fabricating the specified reinforcing steel products, and accordingly, the relevant contracts may be for a combination of Goods and Services.

The Proposed IPT Mandate will not cover any interested person transaction which has a value below S\$100,000 as, pursuant to Rules 905(3) and 906(2) of the Listing Manual, the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions. However, as stated under **Section 2.1** of this Circular, the SGX-ST may aggregate any such transactions below S\$100,000 that are entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Manual.

Transactions with interested persons (including the Mandated Interested Person) that do not fall within the ambit of the Proposed IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2.6 Methods and Procedures for the Mandated Transactions

(a) Methods and/or Procedures

To ensure that the Mandated Transactions with Mandated Interested Person are undertaken at:

- (i) arm's length and on normal commercial terms, being consistent with the Group's usual business practices and on terms which, taken as a whole, are not less favourable than those obtained by the Group from unrelated third parties (in the case of purchase or procurement of Goods and/or Services by the Group) or not more favourable than those extended by the Group to unrelated third parties (in the case of sale or provision of Goods and/or Services by the Group); or
- (ii) in any event on terms, which taken as a whole, are not prejudicial to the interests of the Company and the minority Shareholders,

LETTER TO SHAREHOLDERS

the Company will adopt the following methods and/or procedures:

Purchase of Goods by the Group from the Mandated Interested Person

- (1) All purchases of Goods by the Group from the Mandated Interested Person will be carried out after the Group compares the terms offered by the Mandated Interested Person with the terms offered by at least two (2) other unrelated third-party suppliers for the same or similar Goods. There are no publicly available market prices for the Goods. The Group will only enter into such contract with the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable as compared to the terms offered by unrelated third-party suppliers. When comparing terms, the Group will take into account pertinent factors such as the product specifications (including the geographical locations of the Goods), the quantity required, the delivery schedules, the credit terms, shipment logistics and shipping/collection fees, and the preferential rates or rebates or discounts accorded for bulk purchases, where applicable.
- (2) In the event that the Group is unable to obtain comparable quotations from unrelated third-party suppliers, where possible, the Group shall compare the terms offered by the Mandated Interested Person against the terms offered by the Group to at least two (2) unrelated third-party customers for the same or similar Goods.
- (3) In the event that there are no such comparable quotations, the Approving Executives (who must have no interest, direct or indirect, in the Mandated Transaction) will determine whether the terms offered by the Mandated Interested Person are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, in accordance with the Group's usual business practices and pricing policies or in accordance with industry norms (as the case may be), after taking into account additional factors such as, but not limited to, the nature of the product, delivery schedule, order quantity, duration of contract, preferential rates, discounts or rebates for bulk purchases or sales, cost of freight, customer requirements and specifications, the credit terms, the margin which may be generated by the Group from the transaction, and the delivery deadlines requested by the Group's customers.

Sale of Goods to the Mandated Interested Person

- (1) When selling Goods to the Mandated Interested Person, the Group shall determine the terms to be offered to the Mandated Interested Person based on the terms of at least two (2) recent successful sale transactions by the Group of the same or similar Goods to its unrelated third-party customers. As stated in (1) above, there are no publicly available market prices for the Goods. The terms offered by the Group to the Mandated Interested Person shall not be more favourable as compared to the terms offered by the Group to its unrelated third-party customers. When comparing terms, the Group will take into account pertinent factors such as the product specifications, the quantity required, the freight costs, the delivery schedules, the credit terms, and the preferential rates or rebates or discounts accorded for large contracts, where applicable.

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- (II) In the event that there is no recent successful sale transactions with unrelated third-party customers for comparison, the Approving Executives (who must have no interest, direct or indirect, in the Mandated Transaction) will determine whether the terms to be offered to the Mandated Interested Person are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders after taking into account factors such as, the margin which may be generated by the Group from the transaction, the Group's production capacity and resources, and the usual business and/or industry practices or norm.

Receipt of Services by the Group from the Mandated Interested Person

- (A) All procurement of Services by the Group from the Mandated Interested Person will be carried out after the Group compares the terms offered by the Mandated Interested Person with the terms offered by at least two (2) other unrelated third-party suppliers for the same or similar Services. The Group will only enter into such contract with the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable as compared to the terms offered by unrelated third-party suppliers. When comparing terms, the Group will take into account pertinent factors such as the complexity of the Services required, the volume of Services required, the duration of the contracts, and the preferential rates or rebates or discounts accorded for bulk purchases, where applicable.
- (B) In the event that the Group is unable to obtain comparable quotations from unrelated third-party suppliers, where possible, the Group shall compare the terms offered by the Mandated Interested Person against the terms offered by the Group to at least two (2) unrelated third-party customers for same or similar Services.
- (C) In the event that there are no such comparable quotations for the same or similar Services, the Approving Executives (who must have no interest, direct or indirect, in the Mandated Transaction) will determine whether the terms offered by the Mandated Interested Person are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders after taking into account additional factors such as, the Group's production capacity and schedule vis-à-vis the delivery deadlines requested by the Group's customers, and the margin which may be generated by the Group from the transaction.

Provision of Services by the Group to the Mandated Interested Person

- (aa) When providing Services to the Mandated Interested Person, the Group shall determine the terms to be offered to the Mandated Interested Person based on the terms of at least two (2) recent successful sale transactions by the Group of the same or similar Services to its unrelated third-party customers. The terms offered by the Group to the Mandated Interested Person shall not be more favourable as compared to the terms offered by the Group to its unrelated third-party customers. When comparing terms, the Group will take into account pertinent factors such as the complexity of the Services, the volume of Services required, and the delivery schedules, where applicable.

LETTER TO SHAREHOLDERS

- (bb) In the event that the Mandated Transaction required significant customization and there is no recent successful sale transaction with unrelated third party customer for comparison, the Approving Executives (who must have no interest, direct or indirect, in the Mandated Transaction) will determine whether the terms to be offered to the Mandated Interested Person are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders after taking into account factors such as to, the margin which may be generated by the Group from the transaction, the Group's production capacity and resources, and the usual business and/or industry practices or norm.

It is relevant to note that the Group has had sufficient transactions involving sale of Goods with unrelated third-party customers for comparison to determine the preferential rates or rebates or discounts accorded for large contracts with the Mandated Interested Person.

Combination of Mandated Transactions

In the case of provision and/or procurement of Services, the contracts between the Group and the Mandated Interested Person may be for a combination of Goods and Services (further details are set out in **Section 2.5** of this Circular). In such circumstances, when assessing the terms to be offered to the Mandated Interested Person or the terms offered by the Mandated Interested Person, the Group shall take into account all relevant factors as set out under the respective categories of Mandated Transactions to ensure that the gross profit margin to be generated by the Group from such transactions are in line with the usual business practices and norms of the Group.

(b) **Threshold Limit**

The following approval thresholds shall be adopted in respect of the Mandated Transactions:

- (i) In respect of purchase of Goods by the Group from the Mandated Interested Person ("**Purchase of Goods Contracts**"):

Contractual volume	Approving authority
Each Purchase of Goods Contract of volume equal to or less than 15,000 tonnes	Approving Executives
Each Purchase of Goods Contract volume of more than 15,000 tonnes	Approving Executives and ARC

The above threshold limits are determined based on the historical transacting prices of steel reinforcing bars as well as the historical volume and frequency of purchases by the Group from the Mandated Interested Person for the period from 1 January 2023 to 14 August 2024 (being the date immediately preceding the date on which Esteel became a Controlling Shareholder of the Company).

LETTER TO SHAREHOLDERS

As a reference, the historical transacted prices of deformed bars (a type of steel reinforcing bars which accounted for more than 90% of the total value of Purchase of Goods Contracts entered into by the Group for FY2023) of the Group ranged from US\$528 per tonne to US\$630 per tonne for FY2023 and from US\$510 per tonne to US\$560 per tonne for 9M2024. Had the Group entered into a 15,000 tonne Purchase of Goods Contract based on the highest transacted price of US\$630 per tonne, the value of the contract will be approximately US\$9.45 million (equivalent to approximately S\$12.09 million⁽¹⁾, representing approximately 11.52% of the latest audited NTA of the Group as at 31 December 2023). Had the Group entered into a 15,000 tonne Purchase of Goods Contract based on the lower transacted price of US\$510 per tonne, the value of the contract will be approximately US\$7.65 million (equivalent to approximately S\$9.79 million⁽¹⁾, representing approximately 9.33% of the latest audited NTA of the Group as at 31 December 2023).

Note:

- (1) Based on the exchange rate of US\$1 to S\$1.28 (rounded to two decimal places) as at the Latest Practicable Date. Source: Bloomberg L.P.. Bloomberg L.P. has not consented to the inclusion of this information in this Circular, and is thereby not liable for such information under Sections 253 and 254 of the SFA.

Strictly for illustrative purposes only, based on the values of the Purchase of Goods Contracts entered into between the Group and the Mandated Interested Person for the period from 1 January 2024 to 14 August 2024 (being the date immediately preceding the date on which Esteel became a Controlling Shareholder of the Company), had the Proposed IPT Mandate been adopted and effective on 1 January 2024, approximately 85.10% of the aggregate value of the Purchase of Goods Contracts entered into between the Group and the Mandated Interested Person for the aforesaid period would have been pre-approved by the ARC prior to the entry of the Purchase of Goods Contracts.

The Company believes that the proposed threshold effectively balances the need for ARC oversight on major contracts without burdening them with nearly every single agreement. Given the potential for material price fluctuations in Goods, which can in turn affect contract values, the Company has decided that using contractual volume is a more suitable benchmark for Purchase of Goods Contracts with the Mandated Interested Person.

LETTER TO SHAREHOLDERS

- (ii) In respect of all other Mandated Transactions, namely, for the sale of Goods and provision of Services by the Group to the Mandated Interested Person, and the receipt of Services from the Mandated Interested Person (“**Other Contracts**”):

Value of Mandated Transaction for Other Contracts⁽¹⁾	Approving authority
Each Other Contract with value below 3% of the Group’s then latest audited NTA	Approving Executives
Each Other Contract with value equal to or above 3% of the Group’s then latest audited NTA	Approving Executives and ARC

Note:

- (1) In the event that the total value of a contract in relation to the supply of a combination of Goods and Services cannot be reasonably determined prior to the entry of the contract, the value of the contract shall be calculated based on the maximum quantity and product and/or service unit price stated in the contract.

The aggregate value of the Other Contracts for each quarter during the period from 1 January 2023 to the Latest Practicable Date accounted for less than 5% of the Group’s latest audited NTA. Given that the ARC will be reviewing the registers of interested persons, the register of interested person transactions and the documents file on Mandated Transactions quarterly (further details as set out in **Section 2.6(d)** below), the Company is proposing a lower approval threshold for the Other Contracts after taking into consideration Rule 905(1) of the Listing Manual which requires the Company to make an immediate announcement for any interested person transaction of a value equal to, or more than, 3% of the Group’s latest audited NTA.

The threshold limits are arrived at with the view to strike a balance between maximising the efficiency of the day-to-day operations of the Group, and maintaining adequate internal controls and governance in relation to the Mandated Transactions. The above threshold limits also act as an additional safeguard to supplement the existing approval procedures of the Group.

The Approving Executives and the ARC, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser’s opinion and/or the obtaining of valuations from independent professional valuers.

LETTER TO SHAREHOLDERS

(c) Abstention from decision making in relation to the Mandated Transaction

In the event that any of the relevant approving authority has an interest in the Mandated Transaction, s/he shall abstain from reviewing and approving the Mandated Transaction:

- (i) If any of the Approving Executives has any interest, direct or indirect, in the Mandated Transaction, such Mandated Transaction shall be approved by the Approving Executives who have no interest, direct or indirect, in the Mandated Transaction and a Director of the Company who has no interest, direct or indirect, in the Mandated Transaction.
- (ii) If all Approving Executives are deemed interested in the Mandated Transaction, such Mandated Transaction shall be approved by the ARC.
- (iii) If a member of the ARC is deemed to be interested in the Mandated Transaction, s/he shall abstain from participating in the review and approval process of the ARC in relation to that Mandated Transaction.

(d) Other Guidelines and Procedures

In addition to the methods and procedures set out above, the Group will implement the following additional guidelines to ensure that the Mandated Transactions carried out under the Proposed IPT Mandate will be undertaken on normal commercial terms and on terms not prejudicial to the interest of the Company and its minority Shareholders:

- (i) The Company will maintain a register of interested persons and a register of interested person transactions, which shall include the Mandated Transactions and interested person transaction which has a value of not more than S\$100,000 in value, although such transactions are not required to be aggregated under Chapter 9 of the Listing Manual.
- (ii) The Company shall also maintain in a separate file, documents relating to the Mandated Transactions such as the requisition form, the approval form, the contracts, to facilitate the review of the Mandated Transactions by the internal auditors and the ARC.
- (iii) The ARC will review the registers and the documents file on a quarterly basis to ascertain that the Mandated Transactions have been entered into on normal commercial terms and on terms not prejudicial to the interest of the Company and its minority Shareholders.
- (iv) The Company's internal auditors shall carry out a review on the Mandated Transactions annually on whether such Mandated Transactions are carried out in compliance of the methods and procedures for the Mandated Transactions and will report its findings to the ARC.
- (v) The internal auditors shall also conduct reviews annually to determine whether the established methods and procedures for Mandated Transactions continue to be appropriate and sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and on terms not prejudicial to the interest of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

- (vi) If during any of the reviews by the ARC, the ARC is of the view that the established methods and procedures for the Mandated Transactions have become inappropriate or insufficient for whatever reason, such as in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Person are conducted, the Company will seek a fresh mandate from the Shareholders based on new methods and procedures with a view to ensuring that the Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders. In such a situation, prior to obtaining the new Shareholders' mandate for the Mandated Transactions, all Mandated Transactions will be reviewed and approved by the ARC.

- 2.7 Validity Period of the Proposed IPT Mandate.** The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by Shareholders at the EGM, the Proposed IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto as set out in the Notice of EGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company or the date by which such AGM is required by law to be held, whichever is earlier.

Approval from Shareholders will be sought for the Proposed IPT Mandate at the EGM and the renewal thereof at each subsequent AGM of the Company, subject to satisfactory review by the ARC of its continued application to Mandated Transactions with the Mandated Interested Person.

- 2.8 Disclosure.** The Company will disclose the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the Proposed IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

Disclosure will also be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons pursuant to the Proposed IPT Mandate during the relevant financial year, and in the annual reports for the subsequent financial years that the Proposed IPT Mandate continues in force.

All disclosure shall be made in the form set out in Rule 907 of the Listing Manual.

- 2.9 Abstention from voting.** Esteel, being an interested person, will abstain and shall procure its associates to abstain from voting on the Ordinary Resolution relating to the Proposed IPT Mandate to be tabled at the EGM. Esteel and its associates will also not act as proxies in relation to the Ordinary Resolution unless specific voting instructions have been given by the Shareholder.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS, CEO AND SUBSTANTIAL SHAREHOLDERS

3.1 Interests of the Directors and CEO

Save for Xiao Xia (being the Executive Director and CEO of the Company) whose interests in the Company are set out in Section 3.2 below, none of the other Directors of the Company and their associates has any interest, direct or indirect, in the issued share capital of the Company.

3.2 Interests of Substantial Shareholders

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests in Shares held by the Substantial Shareholders of the Company are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dhu Holding Pte. Ltd.	35,642,600	17.78	–	–
Xiao Xia	–	–	35,642,600 ⁽²⁾	17.78
Yu Zengqiang	–	–	35,642,600 ⁽³⁾	17.78
Bay Hone Asset Management Pte. Ltd.	–	–	12,529,703 ⁽⁴⁾	6.25
Xue, Jun	–	–	12,529,703 ⁽⁴⁾	6.25
Zheng Dazhai	12,529,703	6.25	–	–
Green Estee! Pte. Ltd.	58,140,000	29.00	–	–
You Zhenhua	–	–	58,140,000 ⁽⁵⁾	29.00
Advance Venture Investments Limited	–	–	58,140,000 ⁽⁵⁾	29.00
Theme International Holdings Limited	–	–	58,140,000 ⁽⁵⁾	29.00
Wide Bridge Limited	–	–	58,140,000 ⁽⁵⁾	29.00

Notes:

- (1) All references to percentage shareholding of the issued Shares of the Company in this Section 3.2 are rounded to the nearest two decimal places and based on the total issued Shares of the Company (excluding Shares held in treasury) as at the Latest Practicable Date.
- (2) Xiao Xia is deemed to be interested in the Shares held by Dhu Holding Pte. Ltd., by virtue of Section 4 of the SFA.
- (3) Yu Zengqiang is deemed to be interested in the Shares held by Dhu Holding Pte. Ltd., by virtue of Section 4 of the SFA.
- (4) Bay Hone Asset Management Pte Ltd is deemed interested in 12,529,703 shares held through its custodian account maintained with Citibank Nominees Singapore Pte. Ltd., by virtue of Section 4 of the SFA. Mr. Xue Jun holds 100% of the issued and paid-up capital of Bay Hone Asset Management Pte. Ltd. Accordingly, Mr. Xue Jun is deemed interested in the Shares held by Bay Hone Asset Management Pte. Ltd. by virtue of Section 4 of SFA.
- (5) Mr. You Zhenhua (“**Mr You**”), Advance Venture Investments Limited (“**AVIL**”) and Theme International Holdings Limited (“**Theme International**”) hold interests of approximately 39.69%, 36.97% and 20.50%, respectively, in Estee! For completeness, Mr. You also holds (i) 100% interest in Wide Bridge Limited which holds 63.06% of Theme International, and (ii) 100% interests in AVIL. Each of Mr. You, AVIL, Theme International and Wide Bridge Limited is deemed interested in the Shares held by Estee! pursuant to Section 4 of the SFA.

LETTER TO SHAREHOLDERS

4. DIRECTORS' RECOMMENDATION

The Directors⁽¹⁾ are of the opinion that the proposed adoption of the Proposed IPT Mandate is in the best interests of the Company and its Shareholders. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the proposed adoption of the Proposed IPT Mandate as set out in the Notice of EGM on pages N-1 to N-3 of this Circular.

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Directors recommend that any individual Shareholder who may require specific advice in relation to the Proposed IPT Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

5. OPINION OF THE IFA

Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser to the Directors in relation to the Proposed IPT Mandate. A copy of the IFA Letter is set out in **Appendix A** to this Circular.

Based on the analysis undertaken and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that the methods and procedures for determining the transaction prices of the Mandated Transactions as set out in **Section 2.6** of this Circular are, if adhered to, sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter dated 17 October 2024 and all references thereto in the form and context in which they respectively appear in this Circular and to act in such capacity in relation to this Circular.

(1) For the avoidance of doubt, none of the Directors have an interest, direct or indirect (other than through their shareholding in the Company (in the case of Xiao Xia only)) in the Ordinary Resolution in respect of the proposed adoption of the Proposed IPT Mandate. As at the date of this Circular, whilst Esteel has the right to appoint a nominee director onto the Board of the Company, Esteel has not nominated a director to be appointed to the Board of the Company and does not have board representation. Please refer to Section 2.3(e)(ii) of the Company's circular to Shareholders dated 12 June 2024 for further information.

LETTER TO SHAREHOLDERS

6. STATEMENT FROM THE ARC

The ARC, comprising Ms. Ong Lizhen, Daisy, Ms. Ng Chuey Peng, and Mr. Ong Hwee Li, all of whom are considered independent for the purposes of considering the Proposed IPT Mandate, having reviewed, amongst others, the rationale for and the terms and benefits of the Proposed IPT Mandate as well as the opinion of the IFA as set out in **Appendix A** to this Circular, is of the view that the guidelines and review procedures for determining the transaction prices of the Mandated Transactions as set out in **Section 2.6** of this Circular are, if adhered to and applied consistently, sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is enclosed with this Circular, will be held on 1 November 2024 at 10:30 a.m. at 28 Jalan Buroh, Singapore 619484, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend and vote at the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf, should complete, sign and return the accompanying Proxy Form 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 28 Jalan Buroh, Singapore 619484 not less than 48 hours before the time fixed for holding the EGM.

The completion and lodgement of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy or proxies if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

9. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors who wish to attend and vote at the EGM should approach their respective CPF Agent Banks and SRS Agent Banks to submit their votes at least seven (7) working days before the date of the EGM and are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information. If they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

LETTER TO SHAREHOLDERS

10. 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 adoption of the Proposed IPT Mandate, the Group, 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 28 Jalan Buroh, Singapore 619484, during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the constitution of the Company;
- (b) the IFA Letter set out in **Appendix A** of this Circular; and
- (c) the written consent of the IFA referred to in **Section 5** of this Circular.

This Circular is also available on the Company's website at (<https://hgmetal.listedcompany.com/newsroom.html>) and on SGXNET (<https://www.sgx.com/securities/company-announcements>).

Yours faithfully,

For and on behalf of the Board of Directors of
HG METAL MANUFACTURING LIMITED

Xiao Xia
Executive Director and Chief Executive Officer

APPENDIX A – LETTER FROM IFA IN RESPECT OF THE PROPOSED IPT MANDATE

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



17 October 2024

HG METAL MANUFACTURING LIMITED

28 Jalan Buroh
Singapore 619484

Attention: The Board of Directors

Dear Directors

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE BOARD OF DIRECTORS OF HG METAL MANUFACTURING LIMITED (THE "COMPANY") IN RESPECT OF THE PROPOSED ADOPTION OF A GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS

Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter which are not defined shall have the same meaning ascribed to them in the circular to shareholders of the Company ("Shareholders") dated 17 October 2024 (the "Circular").

1. INTRODUCTION

Green Estee Pte. Ltd. ("**Estee**") increased its stake in the Company from about 5.33% to approximately 14.5% on 28 June 2024, and to approximately 29.0% on 15 August 2024 through two tranches of placement exercises.

Under the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), as Estee holds directly or indirectly 15% or more of the total voting rights in the Company, Estee is a 'controlling Shareholder' of the Company. Pursuant to Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), Estee as well as its subsidiaries and associates are 'interested persons' of the Company and transactions between (a) the Company and its subsidiaries (the "**Group**") or any entity within the Group; and (b) Estee, its subsidiaries and associates (the "**Estee Group**") or any entity within the Estee Group are 'interested person transactions'.

As at 30 September 2024 (the "**Latest Practicable Date**"), Estee holds approximately 61.16% of the issued and paid-up share capital of BRC Asia Limited ("**BRC**"), another company listed on the Main Board of the SGX-ST. Accordingly, BRC is an associate of Estee and deemed as an 'interested person' of the Company within the meaning of Chapter 9 of the Listing Manual.

The Group has been regularly transacting with BRC since 2003, prior to the Estee Group becoming an 'interested person' of the Company within the meaning of Chapter 9 of the Listing Manual on 15 August 2024. BRC, which was listed on the Main Board of the SGX-ST since 2000, offers a full suite of reinforcing steel products and services that include standard length rebar, cut-and-bend services, prefabrication services as well as standard and customised welded wire mesh for the building and construction industry with network of operations spanning Singapore, Malaysia, Australia and China.

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APPENDIX A – LETTER FROM IFA IN RESPECT OF THE PROPOSED IPT MANDATE



Accordingly, it is in the interests of the Group to continue entering into certain recurrent transactions as set out in Section 2.5 of the Circular (the **"Mandated Transactions"**) with BRC, in the ordinary course of business, provided that such Mandated Transactions are entered into on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The Company is seeking its Shareholders' approval for the adoption of a general mandate pursuant to Rule 920 of the Listing Manual (the **"Proposed IPT Mandate"**), to authorise the Group in its ordinary course of business to enter into the Mandated Transactions with BRC (being the only 'interested person' named in the Proposed IPT Mandate, the **"Mandated Interested Person"**) provided that such Mandated Transactions are entered into on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Xandar Capital Pte. Ltd. (**"Xandar Capital"**) has been appointed as the independent financial adviser (**"IFA"**) pursuant to Rule 920(1)(b)(v) of the Listing Manual as well as to advise the directors of the Company (the **"Directors"**) all of whom are deemed to be independent for the purposes of making a recommendation on the Proposed IPT Mandate, on whether the methods and procedures for determining the transaction prices under the Proposed IPT Mandate are sufficient to ensure that the Mandated Transactions with BRC will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter sets out our evaluation of, and opinion on, the Proposed IPT Mandate (this **"IFA Letter"**) and forms part of the Circular.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA pursuant to Rule 920(1)(b)(v) of the Listing Manual as well as to advise the Directors as to whether the methods and procedures for determining the transaction prices under the Proposed IPT Mandate are sufficient to ensure that the Mandated Transactions with BRC, being the only Mandated Interested Person under the Proposed IPT Mandate, will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations of the terms of the Mandated Transactions and/or the adoption of to the Proposed IPT Mandate, nor were we involved in the deliberations leading up to the decisions on the part of the Company to agree on the adoption of the Proposed IPT Mandate. Our evaluation is limited to the methods and procedures pertaining to the Mandated Transactions under the Proposed IPT Mandate and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Mandated Transactions and/or the Proposed IPT Mandate.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Mandated Transactions and/or the Proposed IPT Mandate, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Mandated Transactions and/or the Proposed IPT Mandate.

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APPENDIX A – LETTER FROM IFA IN RESPECT OF THE PROPOSED IPT MANDATE



As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Mandated Transactions and/or the Proposed IPT Mandate, are solely the responsibility of the Directors. Likewise, we are not expressing herein as to the prices at which the Shares may trade whether with or without the independent Shareholders' approval for the Proposed IPT Mandate. We are also not addressing the relative merits of the Mandated Transactions and/or the Proposed IPT Mandate, as compared to any alternative transaction of the Group or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Directors and the management of the Company.

In the course of our evaluation and for the purpose of providing our opinion in relation to the Proposed IPT Mandate, we have held discussions with certain senior management of the Group and have examined information provided by such senior management of the Group and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed IPT Mandate, the Company, its subsidiaries and its associated companies, and the Directors are not aware of any facts, where the omission of which, would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors have been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group, to the Proposed IPT Mandate, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our assessment does not require us to make any independent evaluation or appraisal of the assets or liabilities (including without limitation, real properties) of the Company and/or Group and we have not been furnished with any evaluation or appraisal of any assets of the Company and/or the Group.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed IPT Mandate, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any

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Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

We have been appointed pursuant to Rule 920(1)(b)(v) of the Listing Manual (which requires the independent financial adviser's opinion on whether the methods or procedures for determining transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders), as well as to advise the Directors in their deliberation of the Proposed IPT Mandate, and the recommendations made by the Directors shall remain the responsibility of the Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion, in relation to the Proposed IPT Mandate, should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Directors advise Shareholders to read these pages carefully.

3. THE PROPOSED IPT MANDATE

Information on the Proposed IPT Mandate is set out in Section 2 of the Circular.

3.1 THE MANDATED INTERESTED PERSON

Information on the Mandated Interested Person under the Proposed IPT Mandate is set out in Section 2.4 of the Circular.

We note that there is only one Mandated Interested Person, namely, BRC.

3.2 CATEGORIES OF MANDATED TRANSACTIONS

Information on the categories of Mandated Transactions is set out in Section 2.5 of the Circular.

We note that there are four broad categories of Mandated Transactions as follows:

- (a) the purchase of Goods (comprising all materials and products which the Group requires for its ordinary course of business including but not limited to raw materials, commodities and intermediate goods, comprising steel, steel products, steel-related products and steel by-products, such as steel bars (including steel reinforcing bars), rods, wire meshes, plates and prefabricated steel products) by the Group from BRC;

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- (b) the sale of Goods by the Group to BRC;
- (c) the receipt of Services (comprising (i) reinforcing steel bars cut and/or bent to requirement; and (ii) prefabrication services and value-added services. Prefabrication services include fabrication of steel structures and components, such as prefabricated cages for use in reinforced concrete construction and value-added services such as supply of reinforcing steel splicing solutions and/or concreting accessories, where applicable) by the Group from BRC; and
- (d) the provision of Services by the Group to BRC.

Transactions between the Group and BRC in the ordinary course of business, for the provision and/or procurement of Services to and from BRC may also encompass the supply of Goods such as materials necessary for fabricating the specified reinforcing steel products, and accordingly, the relevant contracts may be for a combination of Goods and Services.

3.3 BACKGROUND, RATIONALE FOR AND BENEFITS OF THE PROPOSED IPT MANDATE

Information on the background, rationale for and benefits of the Proposed IPT Mandate is set out in Sections 2.2 and 2.3 of the Circular.

We note that the Proposed IPT Mandate is to facilitate transactions in the ordinary course of business of the Group which are transacted from time to time with BRC, provided that such Mandated Transactions are entered into on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.4 METHODS AND PROCEDURES FOR THE MANDATED TRANSACTIONS

The methods and procedures for the Mandated Transactions under the Proposed IPT Mandate set out in Section 2.6 of the Circular.

We highlight the following:

- (a) When purchasing Goods by the Group from the Mandated Interested Person, the Group shall compare the terms offered by the Mandated Interested Person with the terms offered by at least two (2) other unrelated third-party suppliers for the same or similar Goods. The Group will only enter into such contract with the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable as compared to the terms offered by unrelated third-party suppliers. When comparing terms, the Group will take into account pertinent factors such as the product specifications (including the geographical locations of the Goods), the quantity required, the delivery schedules, the credit terms, shipment logistics and shipping/collection fees, the preferential rates or rebates or discounts accorded for bulk purchases, where applicable;
- (b) When selling Goods to the Mandated Interested Person, the Group shall determine the terms to be offered to the Mandated Interested Person based on the terms of at least two (2) recent successful sale transactions by the Group of the same or similar Goods to its unrelated third-party customers. The terms offered by the Group to the Mandated Interested Person shall not be more favourable as compared to the terms offered by the

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Group to its unrelated third-party customers. When comparing terms, the Group will take into account pertinent factors such as the product specifications, the quantity required, the freight costs, the delivery schedules, the credit terms, the preferential rates or rebates or discounts accorded for large contracts, where applicable;

- (c) When procuring Services by the Group from the Mandated Interested Person, the Group shall compare the terms offered by the Mandated Interested Person with the terms offered by at least two (2) other unrelated third-party suppliers for the same or similar Services. The Group will only enter into such contract with the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable as compared to the terms offered by unrelated third-party suppliers. When comparing terms, the Group will take into account pertinent factors such as the complexity of the Services required, the volume of Services required, the duration of the contracts, the preferential rates or rebates or discounts accorded for bulk purchases, where applicable;
- (d) When providing Services to the Mandated Interested Person, the Group shall determine the terms to be offered to the Mandated Interested Person based on the terms of at least two (2) recent successful sale transactions by the Group of the same or similar Services to its unrelated third-party customers. The terms offered by the Group to the Mandated Interested Person shall not be more favourable as compared to the terms offered by the Group to its unrelated third-party customers. When comparing terms, the Group will take into account pertinent factors such as the complexity of the Services, the volume of Services required, the delivery schedules, where applicable.
- (e) In the event that there are no third-party suppliers' quotations or recent successful sale transactions to third-party customers for comparison:
 - (i) when purchasing Goods and/or procuring Services by the Group from the Mandated Interested Person, the Group shall compare the terms offered by the Mandated Interested Person against the terms offered by the Group to at least two (2) unrelated third-party customers for same or similar Goods and/or Services.

In the event that there are no such comparable quotations for the same or similar Goods and/or Services, the Approving Executives (comprising the Chief Executive Officer and/or such other senior executive(s) of the Company designated by the Audit and Risk Committee from time to time to approve Mandated Transactions and who must have no interest, direct or indirect, in the Mandated Transaction) will determine whether the terms offered by the Mandated Interested Person are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, in accordance with the Group's usual business practices and pricing policies or in accordance with industry norms (as the case may be), after taking into account additional factors such as, but not limited to, the nature of the product, delivery schedule, order quantity, duration of contract, preferential rates, discounts or rebates for bulk purchases or sales, cost of freight, customer requirements and specifications, the credit terms, the margin which may be generated by the Group from the transaction, and the delivery deadlines requested by the Group's customers; and

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- (ii) when selling Goods and/or providing Services by the Group to the Mandated Interested Person, the Approving Executives (who must have no interest, direct or indirect, in the Mandated Transaction) will determine whether the terms to be offered to the Mandated Interested Person are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders after taking into account factors such as to, the margin which may be generated by the Group from the transaction, the Group's production capacity and resources, and the usual business and/or industry practices or norm.
- (f) In the case of transactions involving a combination of Goods and Services, when assessing the terms to be offered to the Mandated Interested Person or the terms offered by the Mandated Interested Person, the Group shall take into account all relevant factors as set out under the respective categories of Mandated Transactions to ensure that the gross profit margin to be generated by the Group from such transactions are in line with the usual business practices and norms of the Group.
- (g) The Group is also implementing the following approval thresholds in respect of the Mandated Transactions:
- (i) In respect of purchase of Goods by the Group from the Mandated Interested Person ("**Purchase of Goods Contracts**")

Contractual volume	Approving authority ⁽¹⁾
Each Purchase of Goods Contract of volume equal to or less than 15,000 tonnes	Approving Executives
Each Purchase of Goods Contract of volume more than 15,000 tonnes	Approving Executives and the Audit and Risk Committee

Note:

- (1) For avoidance of doubts, the approving authority must not have any interest, direct or indirect, in the Mandated Transaction and must not be related to the Mandated Interested Person. In the event that any of the relevant approving authority has an interest in the Mandated Transaction, s/he shall abstain from reviewing and approving the Mandated Transaction, and the Mandated Transaction shall be reviewed and approved by the relevant authority as set out in Section 2.6(c) of the Circular.

The above threshold limits are determined based on the historical transacting prices of steel reinforcing bars as well as the historical volume and frequency of purchases by the Group from BRC for the period from 1 January 2023 to 14 August 2024 (being the date immediately preceding the date on which Esteel became a Controlling Shareholder of the Company).

Strictly for illustrative purposes only, based on the values of the Purchase of Goods Contracts entered into between the Group and BRC for the period from 1 January 2024 to 14 August 2024 (being the date immediately preceding the date

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on which Esteel became a Controlling Shareholder of the Company), had the Proposed IPT Mandate been adopted and effective since 1 January 2024, approximately 85.10% of the aggregate value of the Purchase of Goods Contracts entered into between the Group and BRC for the aforesaid period will be pre-approved by the Audit and Risk Committee prior to the entry of the Purchase of Goods Contracts.

- (II) In respect of all other Mandated Transactions, namely, for the sale of Goods and provision of Services by the Group to the Mandated Interested Person, and the receipt of Services from the Mandated Interested Person (“**Other Contracts**”)

Value of Mandated Transaction for Other Contracts ⁽¹⁾	Approving authority ⁽²⁾
Each Other Contract with value below 3% of the Group’s then latest audited NTA	Approving Executives
Each Other Contract with value equal to or above 3% of the Group’s then latest audited NTA	Approving Executives and Audit and Risk Committee

Notes:

- (1) In the event that the total value of a contract in relation to the supply of a combination of Goods and Services cannot be reasonably determined prior to the entry of the contract, the value of the contract shall be calculated based on the maximum quantity and product and/or service unit price stated in the contract.
- (2) For avoidance of doubts, the approving authority must not have any interest, direct or indirect, in the Mandated Transaction and must not be related to the Mandated Interested Person. In the event that any of the relevant approving authority has an interest in the Mandated Transaction, s/he shall abstain from reviewing and approving the Mandated Transaction, and the Mandated Transaction shall be reviewed and approved by the relevant authority as set out in Section 2.6(c) of the Circular.

The aggregate value of Mandated Transactions under Other Contracts for each quarter accounted for less than 5% of the Group’s latest audited NTA for the period from 1 January 2023 to the Latest Practicable Date. Given that the Audit and Risk Committee will be reviewing the register of interested persons, the register of interested person transactions and the documents file on Mandated Transactions quarterly, the Company is proposing a lower approval threshold for the Other Contracts after taking into consideration Rule 905(1) of the Listing Manual which requires the Company to make an immediate announcement for any interested person transaction of a value equal to, or more than, 3% of the Group’s latest audited NTA.

The threshold limits are arrived at with the view to strike a balance between (1) maximising the efficiency of the day-to-day operations of the Group, and (2) maintaining

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adequate internal controls and governance in relation to the Mandated Transactions. The above threshold limits also act as an additional safeguard to supplement the existing approval procedures of the Group.

- (h) The Group is also implementing the additional guidelines and procedures, such as maintaining a register of interested persons, a register of interested person transactions, a separate file documenting all documents relating to the Mandated Transactions; quarterly reviews of the registers and document files by the Audit and Risk Committee; and annual review of the Mandated Transactions by the internal auditors.
- (i) If during any of the reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the established methods and procedures for the Mandated Transactions have become inappropriate or insufficient for whatever reason, such as in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Person are conducted, the Company will seek a fresh mandate from the Shareholders based on new methods and procedures with a view to ensuring that the Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders. In such a situation, prior to obtaining the new Shareholders' mandate for the Mandated Transactions, all Mandated Transactions will be reviewed and approved by the Audit and Risk Committee.

3.5 ROLE OF AUDIT AND RISK COMMITTEE

We note that the Audit and Risk Committee will:

- (a) review and approve Mandated Transaction relating to Purchase of Goods Contracts which has a contractual volume above 15,000 tonnes;
- (b) review and approve Mandated Transaction relating to Other Contracts with value equal to or above 3% of the Group's then latest audited NTA;
- (c) review the register of interested persons, the register of interested person transactions and the file on Mandated Transactions on a quarterly basis;
- (d) review the annual internal audit reports on whether the methods and procedures established to monitor the Mandated Transactions have been adhered to; and
- (e) if, during these reviews by the Audit and Risk Committee, the Audit and Risk Committee is of the view that the established methods and procedures for the Mandated Transactions with BRC are no longer appropriate or sufficient to ensure that the Mandated Transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group will seek a fresh general mandate for Mandated Transactions based on new methods and procedures so that Mandated Transactions will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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3.6 VALIDITY PERIOD OF THE PROPOSED IPT MANDATE

Pursuant to Rule 920(1) of the Listing Manual, the Proposed IPT Mandate is subject to annual renewal. The Proposed IPT Mandate will be effective from the date of the passing of the ordinary resolution for the approval of the Proposed IPT Mandate, and will continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held, whichever is earlier, unless revoked or varied by the Company in a general meeting.

Approval from independent Shareholders will be sought for the renewal of the Proposed IPT Mandate at each subsequent AGM or the date by which the next AGM of the Company is required by law to be held, subject to the satisfactory review by the Audit and Risk Committee of its continued application to the Mandated Transactions.

3.7 ABSTENTION BY ESTEEL AND ITS ASSOCIATES

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, the Mandated Interested Person and its Associates shall abstain from voting on resolutions involving themselves and the Group. Furthermore, such Mandated Interested Person and their Associates shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder.

We note that Esteel will abstain from voting, and undertakes to ensure its Associates will abstain from voting on the resolutions relating to the adoption of the Proposed IPT Mandate at the EGM. Further, Esteel shall undertake to decline and shall ensure that its Associates shall decline to accept appointment as proxies to vote at the EGM in respect of the adoption of the Proposed IPT Mandate unless specific voting instructions have been given by the Shareholder.

4. OUR OPINION

In arriving at our opinion in respect of the Proposed IPT Mandate as required under Rule 920(1)(b)(v) of the Listing Manual, we have considered, among other things, (i) the methods and procedures as well as the approval procedures and thresholds set out in the Proposed IPT Mandate; (ii) the frequency of review of Mandated Transactions by the Audit and Risk Committee; (iii) the role of the Audit and Risk Committee in relation to the Proposed IPT Mandate; and (iv) the rationale for and benefits of the Proposed IPT Mandate as further detailed in Section 2.3 of the Circular.

Having regard to the considerations set out in this IFA Letter and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the methods and procedures for determining the transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

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5. THIS IFA LETTER

This IFA Letter is prepared pursuant to Rule 920(1)(b)(v) of the Listing Manual (which requires the independent financial adviser's opinion on whether the methods or procedures for determining transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders) as well as addressed to the Board of Directors, all of whom are deemed to be independent for the purposes of making a recommendation on the Proposed IPT Mandate, in connection with and for the purpose of their consideration of the Proposed IPT Mandate and forms part of the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, save for the purpose of any matter relating to the Proposed IPT Mandate, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein in compliance with the requirements under the Listing Manual.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

HG METAL MANUFACTURING LIMITED

(Company Registration No.: 198802660D)
(Incorporated in the Republic of Singapore)

All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Circular dated 17 October 2024 issued by the Company to the Shareholders.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of HG Metal Manufacturing Limited (the “**Company**”) will be held at 28 Jalan Buroh, Singapore 619484 on 1 November 2024 at 10:30 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

ORDINARY RESOLUTION: THE ADOPTION OF A GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS (THE “PROPOSED IPT MANDATE”)

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” (as defined in the Listing Manual of the SGX-ST), or any of them to enter into any of the transactions falling within the categories of Mandated Transactions (as defined in the Proposed IPT Mandate Circular) with the Mandated Interested Person (as defined in the Proposed IPT Mandate Circular), provided that such transactions are made on normal commercial terms and in accordance with the methods and procedures set out in the Proposed IPT Mandate Circular;
- (b) the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company or the date by which such AGM is required by law to be held, whichever is earlier; and
- (c) the Directors of the Company be and are hereby authorised to do all acts and things as they may in their discretion deem necessary, desirable or expedient in the interests of the Company to give effect to the Proposed IPT Mandate and/or this Ordinary Resolution.

BY ORDER OF THE BOARD

Wee Woon Hong
Sim Yok Teng
Company Secretaries
Singapore

17 October 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (a) if sent personally or by post, be lodged at the registered office of the Company at 28 Jalan Buroh, Singapore 619484; or
 - (b) if submitted by email, be received by the Company's Share Registrar, at sg.is.proxy@sg.tricorglobal.com,
in either case, by **10:30 a.m. on 30 October 2024** (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default, the instrument of proxy shall not be treated as valid.

Shareholders are strongly encouraged to submit Proxy Forms electronically via email.

3. A member (who is not a Relevant Intermediary) who is entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy, and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act 1967 (the "**Companies Act**") is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such an event, the Relevant Intermediary shall submit a list of its proxies together with the information required in the proxy form to the Company.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to appoint the Chairman of the EGM as their proxy should approach their respective CPF Agent Banks or SRS Operators, through which they hold such shares, to submit their votes at least seven (7) working days before the EGM that is by **10:30 a.m. on 21 October 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the EGM to vote on their behalf no later than **10:30 a.m. on 30 October 2024**.
6. A member of the Company, which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The instrument appointing the proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy. 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.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
8. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

Important Information

9. Members of the Company are invited to **attend physically** at the EGM. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice of EGM (the "**Notice**"), Proxy Form and the Request Form (to request for a printed copy of the Circular) (the "**documents**") have been despatched to the shareholders. The documents are also available for downloading from SGXNET (<https://www.sgx.com/securities/company-announcements>) and the Company's website at the (<https://hgmatalistedcompany.com/newsroom.html>).
10. The Circular has been published and is available for download or online viewing on SGXNET (<https://www.sgx.com/securities/company-announcements>) and at the Company's website at the (<https://hgmatalistedcompany.com/newsroom.html>).

NOTICE OF EXTRAORDINARY GENERAL MEETING

11. Printed copies of the Circular will not be mailed to the shareholders unless requested by the shareholders pursuant to a submitted request. Shareholders who wish to receive a printed copy of the Circular are required to complete the Request Form and return it to the Company by **24 October 2024** in the following manner:
- (i) email to egm@hgmatal.com; or
 - (ii) post to the registered office of the Company at 28 Jalan Buroh, Singapore 619484
12. The members of the Company may participate in the EGM by:
- (a) attending the EGM in person;
 - (b) raising questions at the EGM or submitting questions in advance of the EGM; and/or
 - (c) voting at the EGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the EGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the Meeting if they are unwell.

13. Members of the Company may submit questions related to the resolution(s) to be tabled for approval for the EGM in advance of the EGM within seven (7) calendar days from the date of this Notice of EGM, (i.e., no later than **5:00 p.m. on 25 October 2024**) in the following manner:
- (a) email to egm@hgmatal.com; or
 - (b) post to the registered office of the Company at 28 Jalan Buroh, Singapore 619484.

Shareholders who submit questions in advance of the EGM should provide their full name, address, contact number, email address and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited; otherwise, please state if you hold your Shares through the Central Provident Fund Investment Scheme or the Supplementary Retirement Scheme or other Relevant Intermediary), for our verification purposes.

The Company will endeavour to address all substantial and relevant questions received from members and publish its response on the SGXET and at the Company's website after **5.30 p.m. on 29 October 2024**. **Where substantially similar questions are received, the Company may consolidate such questions, and consequently not all questions may be individually addressed.** The Company will address any subsequent clarifications sought or substantial and relevant follow-up questions received after **5:00 p.m. on 25 October 2024** which have not already been addressed prior to the EGM, at the EGM itself. For questions addressed during the EGM, the responses to such questions will be included in the minutes of the EGM, which will be published on the SGXNET (<https://www.sgx.com/securities/company-announcements>) and the Company's website at the (<https://hgmatal.listedcompany.com/newsroom.html>) within one (1) month after the EGM.

Personal data privacy:

By submitting (a) a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or (b) submitting any question prior to the EGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) 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);
- (ii) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities; and
- (iii) addressing relevant and substantial questions related to the resolutions to be tabled for approval at the EGM from members received before the EGM and if necessary, any subsequent clarifications sought or follow-up questions in respect of such questions

(collectively, the "**Purposes**").

The member of the Company also warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives(s) for the Purposes, and 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.

PROXY FORM

HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)
(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Extraordinary General Meeting in person. CPF and SRS Investors who are unable to attend the Extraordinary General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Extraordinary General Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

NRIC/Passport/Company Registration No. _____

of _____ (Address)

being a member/members* of **HG METAL MANUFACTURING LIMITED** (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or if no proxy is named, the Chairman of the Extraordinary General Meeting (the "EGM") as my/our* proxy to attend and vote for me/us* on my/our* behalf at the EGM of the Company to be held at 28 Jalan Buroh, Singapore 619484 on Friday, 1 November 2024 at 10:30 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for, against or abstain from voting on the ordinary resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the EGM and at any adjournment thereof. All resolutions put to the vote at the EGM shall be decided by way of poll.

No.	Resolution	¹ Number of Votes 'For'	¹ Number of Votes 'Against'	¹ Number of Votes 'Abstain'
1.	Ordinary Resolution To approve the adoption of the Proposed IPT Mandate			

¹ If you wish to exercise all your votes 'For', 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2024

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

Signature(s) of Members(s)/Common Seal of Corporate Member

* To delete as appropriate

All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company's circular to its Shareholders dated 17 October 2024.

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes to the Proxy Form:

1. A proxy need not be a member of the Company.
2. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
3. A member (who is not a Relevant Intermediary), who is entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member who is a Relevant Intermediaries as defined under Section 181(6) of the Companies Act 1967 (the "**Companies Act**") is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such an event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

"**Relevant Intermediary**" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of Shareholders of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to appoint the Chairman of the EGM as their proxy should approach their respective CPF Agent Banks or SRS Operators, through which they hold such shares, to submit their votes at least seven (7) working days before the EGM, that is by **10:30 a.m. on 21 October 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Forms to appoint the Chairman of the EGM to vote on their behalf no later than **10:30 a.m. on 30 October 2024**.

This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.
8. This instrument appointing a proxy or proxies must:
 - (a) if sent personally or by post, be lodged at the registered office of the Company at 28 Jalan Buroh, Singapore 619484; or
 - (b) if submitted by email, be received by the Company's Share Registrar, at sg.is.proxy@sg.tricorglobal.com, in either case, by **10:30 a.m. on 30 October 2024** (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting this Proxy Form, the members of the Company accept and agree to the personal data privacy terms as set out in the Notice of EGM dated **17 October 2024**.