



**HG METAL MANUFACTURING LIMITED**  
(Company Registration No. 198802660D)

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- (A) **EXTENSION OF TIME TO MEET THE MINIMUM TRADING PRICE REQUIREMENT OF S\$0.20 (“MTP REQUIREMENT”)**
- (B) **PROPOSED SHARE CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF HG METAL MANUFACTURING LIMITED HELD BY SHAREHOLDERS AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”)**
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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of HG Metal Manufacturing Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has submitted an application for an extension of time of 6 months for the MTP Requirement review date to be extended from 1 March 2016 to 1 September 2016 for the purpose of the Watch-list review. The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has granted the approval for the same on 26 February 2016.

**1.1 Reasons for Application**

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

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

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

**1.2 Conditions of Waiver**

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

- a. The Company announcing the Proposed Share Consolidation (as defined below) and the indicative timeline of the Proposed Share Consolidation by 29 February 2016;
- b. The Company announcing the period of extension granted, the reasons for seeking the extension of time and the conditions as required under Listing Rule 107;

- c. Submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company; and
- d. Submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company

## **2. PROPOSED SHARE CONSOLIDATION**

### **2.1 General**

To comply with the MTP Requirement, the Company proposes to undertake a share consolidation of every ten (10) existing issued ordinary shares in the capital of the Company (the "**Shares**") held by shareholders of the Company (the "**Shareholders**") as at a books closure date to be determined by the Directors (the "**Books Closure Date**") into one (1) ordinary share (the "**Consolidated Share**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**").

Under the Proposed Share Consolidation, every ten (10) existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

**Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.**

As at the date of this announcement, the Company has an issued and paid-up share capital of S\$158,049,779.54 consisting of 1,306,121,962 Shares (including treasury shares). Subject to Shareholders' approval being obtained for the Proposed Share Consolidation and assuming that no new Shares will be issued up to the Books Closure Date, following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$158,049,779.54 consisting of approximately 130,612,196 Consolidated Shares (including treasury shares and adjusted for rounding).

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

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

### **2.2 Rationale for the Proposed Share Consolidation**

With effect from 2 March 2015, the SGX-ST implemented a MTP Requirement of S\$0.20 per share for shares of issuers listed on the Official List of the SGX-ST as a continuing listing requirement.

A one-time transition period of 12 months from 2 March 2015 to 1 March 2016 will be given to affected issuers to undertake corporate actions to meet the MTP Requirement, and such

issuers will be placed on the Watch-list if they are unable to meet the MTP Requirement after this 12-month transition period. Issuers which are unable to take steps to raise its minimum trading price and exit the Watch-list will be delisted after a 36-month cure period.

The SGX-ST has granted the extension of time for the Company to comply with the MTP Requirement. After considering the benefit and rationale for the Proposed Share Consolidation, the Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders in facilitating compliance with the MTP requirement.

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

### 2.3 Approvals and Conditions

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

- (a) the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Official List of the SGX-ST; and
- (b) the approval of Shareholders by way of an ordinary resolution at an EGM to be convened.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares on the Official List of the SGX-ST. An announcement will be made in due course upon receipt of the approval in-principle from the SGX-ST.

### 2.4 Indicative Timetable for the Proposed Share Consolidation

Subject to the receipt of the approval in-principle of the SGX-ST and the circular being despatched to Shareholders by 15 April 2016, the indicative timetable for the Proposed Share Consolidation is as follows:

	Action Plan	Target Timelines
1.	Proposed date of EGM to approve the Proposed Share Consolidation	29 April 2016
2.	Proposed Books Closure Date	10 May 2016
3.	Proposed completion date for the Proposed Share Consolidation	11 May 2016

## 3. CIRCULAR

Subject to receipt of the approval in-principle from the SGX-ST, a circular, containing, *inter alia*, further information on the Proposed Share Consolidation and the notice of EGM, will be despatched to Shareholders in due course.

## 4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation, other than through their shareholdings in the Company.

## 5. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their existing Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**By Order of the Board**

Foo Sey Liang  
Executive Director

29 February 2016