



**NOTES ON DISCUSSION WITH SHAREHOLDERS  
DURING THE ANNUAL GENERAL MEETING HELD ON  
27 APRIL 2007**

The Chairman of the meeting invited members to raise questions after the all the resolutions as laid out in the Notice of the AGM dated 4 April 2007 were passed without any modifications.

1. *Investors' relations.*

Mr. Lim Kweng Kia commented that the Company is not well known with the investing public as there were no activities to promote relation with investors. He added that the Company should, with the improvement in the construction sector as a backdrop, make known to the public its plans as this will be positive for the share price. However, he added that at the end of the day, whatever was said must be substantiated by actual results. He was glad that the AGM had passed the resolution giving the Directors a mandate to issue new shares and suggested that the Board should consider a placement of shares to increase the free float in the market, which would improve liquidity.

The Chairman of the meeting, Mr. Harry Elias agreed with Mr. Lim Kweng Kia's comments adding that the Company should broadcasts its capabilities as it plays a vital role in the Construction industry. He then invited Mr. Lim Siak Meng, the Group Managing Director to add his comments.

Mr. Lim Siak Meng said that the Construction industry only started recovering in 2005 and despite the recovery, the Company's performance was not comparable to the levels attained in the late nineties. Unlike other companies who publicized even participations in bids and tender, but at the end of the day, report only \$1m profit, the Company will not engage in such publicity. He added that as the Company's performance is not something to 'gloat' about, he will look into this matter in a year or so when the position is better.

Mr. Lim Kweng Kia replied that publicity after results are achieved will not be effective as it will be too late.

Mr. Harry Elias commented that there appears to be some interest appears in the trading of the Company's shares as recently, a unusually high volume of approximately 7.5 million shares were traded in a day.

2. *The Company's customers.*

Miss Margaret Chen asked who are the buyers of the Company's products.

Mr. Lim Siak Meng replied that the buyers are contractors, and could be the HDB if they buy in bulk, which was done on a tender basis.

3. *Competition and market share.*

Mr. Ng Chai Chew asked about the Company's market share, and who the competitors are.

Mr. Lim Siak Meng said that the share is about 50% in the mesh market and the competitors are Natsteel and Lee Metal.

Mr. Lim Kweng Kia asked whether the competitive environment has improved compared to the year (year 2000) when the Company was listed, as he learnt that some competitors have exited the industry because of the slump in the construction sector.

Mr. Lim Siak Meng explained that mesh is no longer the Company's main product and the its strategy is to be a total reinforcing solution provider, by expanding the range to included products made from reinforcing bars. The sites are short of workers and the Company's new range of prefabricated reinforcing products is to address this need. In addition, the Company has also successfully developed the security fencing market, and is the only supplier.

4. *Sand and granite*

Mr. Ng Chai Chew asked on the impact of the interruption of sand and granite on the Company, and whether this creates opportunities for the Company.

Mr. Lim Siak Meng replied that all construction sites have been affected in the last two months, and consequently, the Company has been affected too. However, he added that the activities at the sites appear to be picking up again, despite the sharp hike in the price of sand and ready mixed concrete.

Mr. Harry Elias commented that the reason for the Indonesians withholding supply of sand was because of the "Extradition Treaty". As the treaty should be signed this morning, he anticipated that the problem with the supply of sand should be resolved.

5. *Reduction in the use of concrete*

Mr. Lim Kweng Kia referred to a recent newspaper report where the Government announced that they are targeting to reduce the use of concrete by 50% in five years' time, through the use of substitutes like structural steel and whether this will impact the Company negatively.

Mr. Lim Siak Meng replied that he had discussed with contractors and architects and he thinks that the 50% target is not achievable. He added that if structural steel is used

as a substitute, demand for such steel and the skilled labour to process them will outstrip supply, which was tight at the moment. He concluded that he was not concerned about the proposed reduction in the use of concrete and he remained upbeat about the growth in the business.

6. *China.*

Mr. Lim Kweng Kia wanted to know whether the China business will bring substantial profits in the next two years.

Mr. Wong Soong Kit explained that all Chinese businesses require a long gestation period, and as such, the Chinese business is unlikely to bring in substantial profits, relative to the profits derived from the Singapore's operations within the next two years.

*As there were no further queries, the discussion ended at 11.45 am.*