



MEDIA RELEASE -- FOR IMMEDIATE RELEASE

**HG METAL – RIDING ON CONSTRUCTION
BOOM ON TOP OF SHIPBUILDING BOOM**

Singapore – 02 June 2006 – HG Metal Manufacturing Limited (“HG Metal”, “the Group” or “福源金属制造”), Singapore’s largest steel stockist who offers more than 2,000 different types of steel products of various dimensions for a wide variety of industrial and engineering applications, is pleased to update the public that the Group expects to be a likely beneficiary of the recovery in the local construction industry.

In an article titled “Construction boom expected from IR project” on The Business Times¹, 1 June 2006, it was reported that the Marina Bay IR is set to form a significant chunk of the \$12 billion to \$13.5 billion worth of construction contracts expected to be rewarded to local firms this year. It was also reported that the Building and Construction Authority has projected annual construction orders of \$13 to \$15 billion for the next five years, supported by major developments such as the Integrated Resort (“IR”) and the rejuvenation of the Orchard Road shopping belt.

Mr Wee Piew, CEO of HG Metal, said, “ Since our listing, HG Metal has always relied on the marine and construction industries as our twin engines of growth. With the recovery of the local construction industry and the upcoming construction boom, HG Metal looks set to be a likely beneficiary. With our one-stop supermarket strategy, we will be able to satisfy our customers’ needs during the construction boom.”

Mr Wee added, “With strong demand for our steel products and stabilized steel prices driven by the Chinese authorities’ encouragement of merger of smaller plants and shutting down of unprofitable plants, we are optimistic about the outlook for the

second half of FY2006. Going forward, we would continue to introduce more high value steel products for our construction customers and add more value to our existing shipbuilding customers. "

The Group achieved net profit of \$4.6 million in 1H2006, compared to a net loss of \$5.5 million in 2H2005. The improvement in net earnings was due to the gain on the disposal of Ferrochina's shares, and foreign exchange gains for inventory arising from the weakening of US Dollar.

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About HG Metal Manufacturing Limited

HG Metal is a premier steel stockist and manufacturer of steel products. With more than 30 years in the steel business, HG Metal offers more than 2,000 different types of steel products of various dimensions for a wide variety of industrial and engineering applications.

HG Metal currently manufactures customized flat steel bars used in a wide variety of engineering processes and mild steel lip channels commonly used as roofing support in commercial and industrial buildings. The Directors believe that HG Metal is the only steel stockist in Singapore with such manufacturing capability. This gives HG Metal a distinct competitive advantage against their competitors, as they can fulfill their customers' requirements more quickly and completely, especially for specifications that are not readily available in the market.

For more information, please visit HG Metal's corporate website at www.hgmetal.com.

Issued for and on behalf of HG Metal Manufacturing Limited

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