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## **HG Metal accelerates expansion plans to ride on Singapore booming construction industry**

- **Approximately 50% of 1H FY2007 revenue was derived from construction sector**
- **Robust demand from construction sector to become major revenue driver in 2008/09**
- **Solid track record of a 32.4% CAGR in Shareholders' Equity from FY2003 to FY2006**

**Singapore, 06 July 2007** – Mainboard-listed HG Metal Manufacturing Limited (“HG Metal” or “The Group”), one of the largest steel stockists in Singapore and Southeast Asia, is expected to ride on the booming construction industry in Singapore.

Over the past months, HG Metal has announced a number of expansion plans in line with its projected expansion of business. The Group has already started construction of new warehouses at its existing warehouse at 30 Jalan Buroh while construction at its new 300,000 sq ft Jurong Port Road facility is likely to start in Sep or Oct 2007. These new warehouse facilities are expected to add warehousing capacity of another 50,000 tonnes when fully completed.

The Group is contemplating the acquisition of more facilities to cater to the growing demand for its products and services.

*“ The Group is in an exciting phase of growth where we are experiencing strong demand for our products from the booming local construction industry. We received numerous enquiries for our steel products such as deformed bars and lip channels, which are widely*

***used in the construction industry. The Singapore construction industry will be a strong revenue contributor to the Group in 2008/09 with more than S\$9 billion Foreign Direct Investments expected for the two Integrated Resorts (“IR”).***

Mr Wee Piew, Chief Executive Officer

HG Metal has previously announced that the Group has acquired 5 plots of land at Nusajaya Industrial Park (“NIP”) in Nusajaya, Johor Bahru, Malaysia (“Nusajaya Land”), at a purchase consideration of RM 23,948,417 (about S\$10.5 million). The Group will utilize the Nusajaya Land area totaling 26.18 acres, for the manufacturing, processing and storage of steel products in three factories, warehouses and an administration building. Carried out in 3 phases, this will allow the Group to upgrade operational efficiency, add value to market requirements and adapt to changes in customer demands, which is consistent with the HG Metal’s plans to provide an increasingly diverse range of products and services to the steel industry.

The Group has achieved a solid track record in enhancing shareholders’ values since its listing in 2002. From FY2003 to FY2006, HG Metal has achieved a Compounded Annual Growth Rate (“CAGR”) of 32.4% for its Shareholders’ Equity from S\$24.9 million in FY2003 to S\$58 million in FY2006.

--The End--

About HG Metal Manufacturing Limited

HG Metal is a premier 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. With their “one-stop supermarket” strategy, HG Metal is able to satisfy the needs of their customers with one visit to their extensive stockyard and manufacturing facility.

HG Metal has also differentiated itself from its peers in its strategic move to custom-manufacture steel products. HG Metal currently manufactures customized flat steel bars 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.

You may also visit the Company’s website at [www.hgmetal.com](http://www.hgmetal.com)

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Issued for and on behalf of HG Metal Manufacturing Limited

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