



**HG METAL MANUFACTURING LIMITED**

Registration No. 198802660D

30 Jalan Buroh

Singapore 619486

Tel: (65) 6268 2828 Fax: (65) 6268 3838

[www.hgmetal.com](http://www.hgmetal.com)

## **HG Metal announces 2<sup>nd</sup> major collaboration within one month: JV with Malaysia steel pipe manufacturer Amalgamated Industrial Steel**

- **Principal activity of JV company is to manufacture spiral pipes for the water and construction industries**
- **JV in line with the Group's plan to move further upstream into manufacturing wider range of steel products**
- **The Group will continue to keep a lookout for strategic opportunities**

**Singapore, 27 Aug 2008**– Mainboard-listed **HG Metal Manufacturing Limited** (“HG Metal” or “The Group”), one of the largest steel stockists in Singapore and Southeast Asia, is pleased to announce that the Group’s wholly-owned subsidiary **HG Metal Manufacturing Sdn Bhd** (“HGMMSB”) has entered into a joint venture agreement with **Amalgamated Industrial Steel Berhad’s** (“AISB”) wholly-owned subsidiary **Amalgamated Industrial Marketing Sdn Bhd** (“AIMSB”) to establish **Nusajaya Steel Sdn Bhd** (“NSSB” or “Joint Venture”) in Malaysia.

The Joint Venture is the Group’s second major collaboration with a listed steel company within a month. On 13 August 2008, HG Metal announced the acquisition of 70.28% stake in SGX-Mainboard listed steel mesh producer, **BRC Asia Limited** (“BRC Asia”) for S\$48.1 million.

The Joint Venture is a follow up on the announcement on the memorandum of understanding (“MOU”) signed between HG Metal and AISB, as announced on 29 February 2008. The principle activity of NSSB is

to manufacture spiral pipes for the water and construction industries for both the Singapore and Malaysia markets. Approximately 16 acres of land in Nusajaya Industrial Park (3 plots of 5 plots of land previously acquired by HG Metal) will be set aside for the Joint Venture, with construction on the land expected to begin in next year. Production is expected to start in 2010.

*“A strategic alliance with AISB, who has more than 30 years experience in manufacturing steel pipes, will expand HG Metal’s manufacturing abilities. Coupled with the Group’s networks with international suppliers and customers, we see a lot of potential and synergies in our business operations that could result through this strategic collaboration between our companies.*”

*The Joint Venture and the acquisition of BRC Asia earlier in the month are part of HG Metal’s long-term expansion plan to become more vertically integrated in the steel supply chain. These partnerships will widen our product range and enhance our manufacturing capabilities to the steel industry. We are very excited about the immense possibilities with these major collaborations. Moving forward, we will continue to keep a lookout for strategic opportunities to grow our business.”*

**Mr Wee Piew, CEO of HG Metal**

The investment for the initial phase is estimated to be about RM20.0 million. The Joint Venture will be 70% held by HGMMSB (and nominees) with the balance 30% held by AIMSMB.

HG Metal will be funding the Joint Venture with through a combination of internal funds and bank borrowings.

The Joint Venture is not expected to have any material effect on Group’s earnings for its current financial year ending 30 September 2008.

**--The End--**

#### About HG Metal

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)

About Amalgamated Industrial Steel Berhad

Amalgamated Industrial Steel Sdn. Bhd. ('AIS') was formed in 1969 by a group of leading local hardware importers and consumers supported by Tokyo Boeki Limited and Kawasaki Steel Corporation, two Japanese organizations which were renowned in the steel industry. AIS obtained a listing on the Main Board of Kuala Lumpur Stock Exchange on 28 June 1983. The company is, presently engaged not only in manufacturing black and galvanized pipes but also stainless steel pipes since 1987. The Group's steel manufacturing activities are conducted at two plants housed separately at two different locations in Shah Alam, Selangor.

You may also visit the Company's website at [www.aisberhad.com.my](http://www.aisberhad.com.my)

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Issued for and on behalf of HG Metal Manufacturing Limited

By Financial PR Pte Ltd  
For more information please contact:

Mark Lee/ Yen Tan  
Financial PR Pte Ltd  
Address: 4 Robinson Road, #04-01, Singapore 048543  
Tel: 6438 2990 Fax: 6438 0064  
E-mail: [marklee@financialpr.com.sg](mailto:marklee@financialpr.com.sg), [yen@financialpr.com.sg](mailto:yen@financialpr.com.sg)