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HG Metal poised for further growth with additional S\$19.2 million gross proceeds from share placement to institutional investors

- Fully places out 37 million new ordinary shares at S\$0.52 each mainly to institutional investors
- Proceeds to finance construction of new warehouses and general working capital

Singapore, 3 August 2007– Main Board-listed HG Metal Manufacturing Limited (“**HG Metal**” or the “**Company**”), one of the largest steel stockists in Singapore and Southeast Asia, has today completed its placement of 37 million new ordinary shares in the capital of the Company (“**New Shares**”) at a price of S\$0.52 each (“**Placement**”). The estimated net proceeds from the Placement will amount to approximately S\$18.4 million. The Company intends to use approximately S\$12.0 million for financing the construction of its new warehouses, acquisition of machineries and related expenses and the remainder for general working capital purposes.

CIMB-GK Securities Pte. Ltd. (“**CIMB-GK**”) is the Placement Agent. The placement of the New Shares were mainly allotted and issued to institutional investors such as UOB Asset Management Ltd while CIMB-Principal Asset Management Berhad and Halyconia Asia Fund Limited, subsidiaries of CIMB Group Sdn Bhd which is the parent company of CIMB-GK, had also been allotted and issued the New Shares.

Wee Piew, Chief Executive Officer of the Company, commented: “*There is no better time for us to scale up our operations than now. This placement exercise will give us the financial resources to significantly expand our warehouse capacity to support the future growth of the Group.*”

The Placement has been very successful and we are very pleased with the institutional interest in our Company as we forge ahead on our expansion path. We believe this Placement represents the confidence investors have in our business model and our growth strategy of being a leading Asian steel stockist, increasing our economies of scale and targeting high growth sectors like construction and marine.

We want to thank the participating institutions and CIMB-GK, for their support of HG Metal, which greatly assists us in the pursuit of our business objectives.”

The New Shares will commence trading on the Main Board of the Singapore Exchange Securities Trading Limited at 9.00 a.m. on 6 August 2007.

--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

Issued for and on behalf of HG Metal Manufacturing Limited

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