



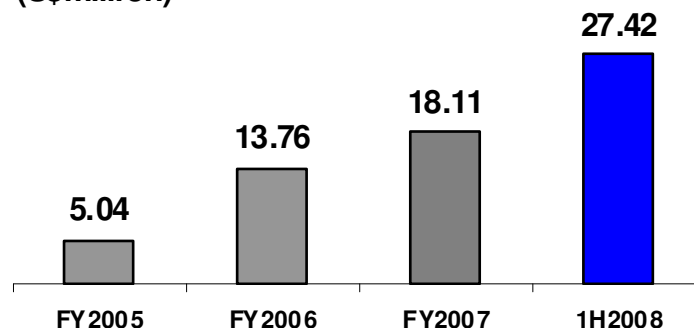
HG METAL MANUFACTURING LIMITED
Registration No. 198802660D
30 Jalan Buroh
Singapore 619486
Tel: (65) 6268 2828 Fax: (65) 6268 3838
www.hgmetal.com

HG Metal hits gold with 257% increase in earnings to S\$27.4 million for 1H2008

- Net profit attributable to shareholders in 1H2008 has already surpassed that of entire FY2007
- Net profit attributable to shareholders in 2Q2008 increased by 420% to S\$18.6 million y-o-y
- The Group aims to achieve annual sales revenue of at least S\$500 million by 2008, one year ahead of target

Singapore, 12 May 2008 – Mainboard-listed HG Metal Manufacturing Limited (“HG Metal” or “The Group”), one of the largest steel stockists in Singapore and Southeast Asia, has registered strong results for the first six months of FY2008 ended 31 March 2008.

**Profit Attributable to Shareholders
(S\$million)**



1H2008 Financial Review

Financial Highlights (S\$ million)	2Q2008	2Q2007	Change		1H2008	1H2007	Change
Revenue	182.3	112.5	62%		299.6	214.0	40%
Gross Profit	31.2	11.6	168%		46.7	20.3	131%
Profit Before Tax	21.8	4.6	377%		32.2	9.5	239%
Net Profit Attributable to Shareholders	18.6	3.6	420%		27.3	7.6	257%
Basic Earnings per share (Singapore cents)	4.37	1.22	NA		6.43	2.60	NA

HG Metal's gross profit increased by 131% from S\$20.3 million in 1H2007 to S\$46.7 million in 1H2008, on the back of 40% increase in revenue to S\$299.6 million for the same period. The increase in sales is attributable to higher steel prices and the increase in demand for steel products from both the construction and the shipbuilding and ship repair industries. The Group's timely expansion of its warehousing capacity at the end of 2007 had allowed the Group to increase its inventory levels to meet the rising demands. As of 31 March 2008, inventory level for the Group stands at S\$211.1 million. As a result of the well-stocked inventory in times of high steel prices, gross profit margin increased considerably from 9.5% in 1H2007 to 15.6% in 1H2008.

Basic earnings per share increased from 2.60 cents to 6.43 cents, on the back of significant increase in the Group's net profit attributable to shareholders by 257% from S\$7.6 million in 1H2007 to S\$27.3 million in 1H2008.

As at 31 March 2008, shareholders' equity stands at S\$141.3 million compared to S\$115.8 million, and cash and cash equivalent improved 59% to S\$28.8 million for the same period last year.

Industry Trend

Cost of production of steel has increased as the production cost of iron ore, the main component of steel, and coking coal has risen significantly.

Globally, despite the softening of the US economy, demand for steel continues to be strong, especially in the Middle East, and BRIC countries (Brazil, Russia, India and China) where there is strong surge in infrastructure and construction activities.

For the local construction industry, the Singapore government recently announced that they will call tender for more than \$5 billion worth of construction contracts during 2008, some of which includes major projects such as the new Sports Hub (targeted for completion in 2011), the new MRT extension lines, new expressways (North-South Expressway and Marina Coastal Expressway) and the newly announced University Town (targeted for completion in 2010). Coupled with strong ship and rig building orderbook in the offshore & marine sectors till 2011, demand for steel products is expected to remain resilient.

Going Forward

Since HG Metal began increasing its warehousing capacity last year, the Group saw the completion of 3 warehouses at Jalan Buroh, and the construction of a new 3-warehouse-office complex at Jurong Port Road has already begun. When the project completes within 3 years, the new facility will add about 150,000 sq ft of covered warehouse space, or at least 50,000 tonnes storage capacity to the Group's existing warehouses at Jalan Buroh. To accommodate the inventories as construction takes place at the new warehouse complex, the Group has already leased additional land in the vicinity.

In neighbouring Malaysia, HG Metal will be embarking on construction of the smallest of five plots of land in Nusajaya, Johor, which the Group acquired last year. With a land size of approximately 130,000 sq ft, the construction of the first plot of land will provide the Group with its first warehouse facility in Malaysia of about 100,000 sq ft, and a 2-storey office block. The construction will commence in later half of 2008 and completion is expected to be in first half of 2009, at an estimated cost of RM 6 million.

Furthering its expansion plans in Malaysia, the Group is in the final stages of evaluation with potential joint venture partners on setting up a pipe manufacturing plant on another plot of land at the same Nusajaya site. The manufacturing plant in consideration will allow the Group to better meet the demand for pipes in the growing Iskandar Development Region and Southern Malaysian markets, as well as the Singapore market. The Group will inform shareholders on the outcome at a later date once the decision has been finalized.

“In 2006, the Group mentioned that it aims to achieve sales revenue of \$500 million on or before FY2009. Given the current steel industry mechanics and the high demand for steel as material, the Group aims to meet this target in FY2008, one year ahead of target.

Going forward, besides organic growth, the Group will continue to look for strategic alliances and possible M & A ventures.”

Mr Wee Piew, CEO of HG Metal

Barring unforeseen circumstances, the Group is on track to achieve record annual sales revenue and profitability for FY2008.

--The End--

About HG Metal Manufacturing Limited (Bloomberg Code: HGM.SP)

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

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: staff@financialpr.com.sg