



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

ANNOUNCEMENT OF LITIGATION

The Board of Directors of HG Metal Manufacturing Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had instituted legal proceedings against Gayathri Steels Pte. Ltd. and its shareholders (“**Defendants**”) to claim for, inter alia, an aggregate amount of approximately S\$1.81 million, being the outstanding amounts owed by the Defendants for non-payment of supplies of steel materials provided by the Company pursuant to certain contracts of sale, including interest.

Pursuant to the legal suit, the Defendants have filed a Defence and Counterclaim to deny that they owed the aforesaid amount claimed by the Company. The Defendants assert that:

- (i) the Company’s claim is premature; and/or
- (ii) the Company is not entitled to claim the outstanding sums.

The Defendants have counterclaimed against the Company for the alleged loss of profits of S\$2,087,100 plus interest and costs, arising from an alleged breach of contract on the part of the Company.

The Company is currently seeking legal advice and will, in consultation with its solicitors, take such steps as may be necessary to defend the Defendants’ counterclaim. The Board views the counter claim to be without merit and intends to vigorously defend the same.

The aforesaid legal proceedings are not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2015.

The Company will release further announcements to update its shareholders on any material developments in relation to the legal proceedings as and when appropriate.

By Order of the Board

Foo Sey Liang
Executive Director

8 September 2015