



HG METAL MANUFACTURING LIMITED
(Company Registration No: 198802660D)

PROPOSED INVESTMENT

The Board of Directors of HG Metal Manufacturing Limited (the "Company") wishes to announce that its wholly-owned subsidiary, HG Metal Investment Pte Ltd, had on 12 July 2006 entered into a conditional investment agreement to subscribe for 1,500,000 new ordinary shares ("New Shares") in the issued share capital of Niho (Singapore) Pte Ltd, a company incorporated in Singapore ("Niho"). The New Shares represent approximately 72.29% of the enlarged issued share capital of Niho. Following the completion of the proposed subscription of the New Shares, Niho will be a 72.29% owned subsidiary of the Company.

The consideration for the New Shares amounts to S\$1,500,000 and was arrived at on a willing-buyer-willing-seller basis. The Consideration will be satisfied in cash and will be funded by internal resources.

Based on the audited financial statements for the year ended 31 December 2005, the net tangible assets value of Niho amounted to S\$537,000.

The subscription by the Company of the New Shares is not expected to have any significant impact on the earnings per share and net tangible assets per share of the Company for the financial year ending 30 September 2006.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect on the acquisition.

By order of the Board

Foong Lee Heng
Company Secretary
13 July 2006