

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

S\$10 MILLION CONVERTIBLE LOAN FACILITY

The Board of Directors (the "**Directors**") of HG Metal Manufacturing Limited (the "**Company**") refers to the announcement made on 15 August 2006 (the "**15 August Announcement**") in relation to the S\$10,000,000 Convertible Loan Agreement dated 15 August 2006 (the "**2006 Loan Agreement**") entered into between the Company and Oversea-Chinese Banking Corporation Limited ("**OCBC**"), pursuant to which OCBC had agreed to make available to the Company a convertible loan facility (the "**Convertible Loan Facility**") in the aggregate amount of S\$10,000,000, upon the terms and subject to the conditions therein.

The Directors are pleased to announce that the Singapore Exchange Securities Trading Limited has approved, in-principle, the listing and quotation of up to 27,700,831 fully paid new ordinary shares (the "**Conversion Shares**") in the capital of the Company to be issued pursuant to the Convertible Loan Facility should OCBC exercise its conversion rights under the Loan Agreement.

Such in-principle approval is subject to the Company announcing: (i) the number of Conversion Shares issued upon the conversion of part or all of the Convertible Loan Facility (assuming that OCBC has elected to capitalise the Convertible Loan Facility into Conversion Shares); and (ii) the amount of proceeds received by the Company from OCBC upon the sale of the Conversion Shares (if any) in the market in accordance with the terms of the 2006 Loan Agreement, and the intended use of such proceeds.

Please note that the in-principle approval is not an indication of the merits of the Convertible Loan Facility or the Conversion Shares.

By order of the Board

Wee Piew

Chief Executive Officer

on 12 September to the SGX-ST