



**HG METAL MANUFACTURING LIMITED**

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**FOR IMMEDIATE RELEASE**

**HG Metal full-year FY2004 net profit jumps five-fold to \$16.6 million**

- *Revenue grew by 61.2% from \$108.4 million to \$174.7 million*
- *Both bottom and top lines would have shown even higher numbers if not for change to shorter reporting period from October to September year-end from this financial year onwards*
- *To reward shareholders, company has proposed final dividends of 1.0 cent per share and special dividends of 0.5 cents per share as well as a bonus share issue of 1-for-3 ordinary share, subject to SGX and shareholders' approval*

**(Singapore, 24 November 2004)** – Mainboard-listed HG Metal Manufacturing Limited, Singapore's only steel stockist with manufacturing capability, today announced net profit attributable to shareholders for the full year 2004 (11 months) surged by a record 423.7% from \$3.2 million to \$16.6 million, backed by turnover growth of 61.2% from \$108.4 million to \$174.7 million. Earnings per share more than tripled from 4.00 cents per share to 14.77 cents per share.

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<b>Overall Highlights</b>	<b>FY2004 *(ended 30 Sep 2004) \$'000</b>	<b>FY2003 (ended 31 Oct 2003) \$'000</b>	<b>% increase yoy</b>
<b>Turnover</b>	174,689	108,370	61.2
<b>Gross Profit</b>	35,029	12,638	177.2
<b>Profit before tax</b>	21,007	4,305	388.0
<b>Net Profit Attributable to Shareholders</b>	16,570	3,164	423.7
<b>Earnings per share</b>	14.77 cents	4.00 cents	269.3

As announced previously, from this financial year onwards, the Group has changed its financial year-end to September instead of October, thus this year's much stronger results were actually based on a shorter reporting period of 11 months.

HG Metal CEO Mr Wee Piew attributed the revenue growth to strong global and regional demand for steel products, higher steel prices and a bigger sales team. Bullish steel demand also improved gross margin significantly from 11.7% to 20.1%, lifting net earnings growth to a record high.

Mr Wee said, "The global demand for steel products remain strong with most shipyards' order books looking to be full in FY2005. The prospects for the construction industry are also likely to improve after many years of consolidation."

Not surprisingly, the robust shipbuilding and repair sectors continued to be a major sales growth driver for the Group's Trading Division. The trading segment accounted for 92.9% of Group sales, growing by 66.8% from \$97.3 million to \$162.3 million. The Manufacturing Division also posted a record year with sales rising from \$11.1 million to \$12.4 million.

To strengthen HG Metal's position as a leading stockist and to further expand its manufacturing capabilities, the company is currently undertaking a few expansion projects. It is currently constructing a 15,000-square foot warehouse extension for higher-value steel products. Funded by internal funds, the warehouse is expected to be completed before the end of this year.

The Group's subsidiary Oriental Metals has also purchased an adjoining land of approximately 90,000 square foot to the current premises from the Jurong Town Corporation for a new factory cum warehouse. Construction is expected to commence in the next financial year and will be funded by internal reserves and bank borrowing.

Cash and cash equivalents continued to strengthen from \$5.0 million to \$15.5 million while gearing reduced from 1.79 to 1.49 as a result of increase in shareholders' funds.

Earnings per share multiplied considerably despite an increase in the number of shares arising from the bonus share issue and share placements earlier this year.

In April 2004, the Group placed out 18 million new shares to a group of institutional investors and high networth individuals for future working capital needs and to prepare for suitable acquisition and strategic partnership opportunities. This share placement together with the completion of the one-for-four bonus share issue in February 2004 raised the total number of shares issued to 132,162,500 shares.

The directors remain positive on the outlook for FY2005 and expect the first half of FY2005 to be better than the corresponding period in FY2004.

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## **About HG Metal**

HG Metal is a premier steel 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 used 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](http://www.hgmetal.com).

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## **Issued for and on behalf of HG Metal Manufacturing Limited**

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