



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 achieves record net profit of S\$18.1 million on the back of S\$438.1 million revenue in FY07

- Rewards shareholders with 1-for-3 bonus share issue, final dividend of 1 cent and special dividend of 0.25 cent
- On track to achieve annual sales revenue of at least S\$500m on or before 2009

Singapore, 23 Nov 2007– Mainboard-listed HG Metal Manufacturing Limited (“HG Metal” or “The Group”), one of the largest steel stockists in Singapore and Southeast Asia, has registered robust results for the financial year ended 30 September 2007. Net profit attributable to shareholders increased by 31.6% to S\$18.1 million in FY2007 compared to S\$13.8 million for the corresponding period in FY2006. Revenue grew 20.8% to S\$438.1 million in FY2007, compared to S\$362.8 million in FY2006. This increase in revenue was driven by higher steel prices and sustained demand for steel products from the shipbuilding & ship-repair sector, as well as the construction sector.

“FY2007 marks a record year for HG Metal. This is the Group’s fifth straight year of revenue growth since HG Metal was listed in 2002. We would like to reward our shareholders with a 1-for-3 bonus share issue and total dividend of 1.25 Singapore cents per share.”

Mr Wee Piew, CEO of HG Metal

FY2007 Financial Review

Financial Highlights	FY2007 S\$'000	FY2006 S\$'000	Change
Revenue	438,142	362,815	20.8%
Gross Profit	49,923	32,697	52.7%
Profit Before Tax	22,539	16,348	37.9%
Net Profit Attributable to Shareholders	18,109	13,757	31.6%
Earnings per share (Singapore cents)	8.05	7.81	3.1%

The Group registered record revenue at S\$438.1 million, a 20.8% increase from FY2006. The increase in revenue can be attributed to higher steel prices and an increase in demand for steel products from the both the construction and the shipbuilding and ship-repair sectors. Gross profit margin improved significantly from 9.0% in FY2006 to 11.4% in FY2007 as a result of higher steel prices.

Group shareholders' funds almost doubled during the period under review. As at 30 September 2007, these funds stood at S\$115.8 million, compared to S\$58.0 million as at 30 September 2006. The increase was due to the retention of profits, the completion of the rights issue and the completion of the convertible loan from OCBC Bank and a share placement exercise. With the increase in shareholders funds, gearing has further been reduced from 1.97 times as at end of FY2006 to 1.09 times as at end of FY2007.

The Trading segment contributed approximately 90.4% of revenue while the remainders are from Oriental Metals (Manufacturing Segment) and Niho (Stainless steel slitting).

Operations Highlights and Outlook

According to an article on The Wall Street Journal Asia¹, in an effort to shift rising energy and raw materials costs, major steel makers around the world are planning to increase steel prices by 6% to 9% in the first half of next year. Currently, there is a shortage in iron ore supply. Iron ore, the main ingredient in steel, is expected to rise 30% to 50% in prices. China 's Baoshan Iron & Steel Co., the listed subsidiary of China's largest steel-maker Baosteel Group, announced that it will raise its core product prices in the first quarter of 2008.

“With rising energy and raw material costs, and shortage of iron ore supply worldwide, we feel that steel prices are likely to remain strong while demand is expected to continue to be robust. As such, we have increased our inventory levels in recent months”

Mr Wee Piew, CEO of HG Metal

¹ The Wall Street Journal Asia, 21 November 2007, Corporate News: Steel giants plan price increases

Oriental Metals, a HG Metal subsidiary, has installed its second sand blasting line and full operation has already begun. Oriental Metal has also reconfigured its existing pipe production line to start producing scaffolding pipes and scaffolding decks for use in the buoyant construction industry.

Galaxia, the Group's subsidiary which has only begun started its business of leasing of steel plates this year, will be expanded in 2008 to include the leasing of sheet piles, I-beams and H-beams. This is to take advantage of the many new construction projects, including the new Downtown MRT line, which will commence in 2008.

On 3 Aug 2007, the Group successfully placed out 37 million new shares, which raised net proceeds of approximately S\$18.5 million. The Group has already utilized approximately S\$6 million of the proceeds for general working capital, with the remainder S\$12 million earmarked for the construction of the new warehouses, acquisition of machineries and related expenses.

Besides organic growth, the Group remains on the lookout for the possibility of strategic alliances or acquisitions to further drive the growth of the Group.

The Group is on track to achieve annual sales revenue of at least S\$500m on or before 2009.

Barring unforeseen circumstances, the directors are cautiously optimistic about the outlook for FY2008.

--The End--

About HG Metal

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: marklee@financialpr.com.sg, yen@financialpr.com.sg