

Metal Component Engineering Inks MOU with Hangzhou Honghua (“Atexco”) to Co-Develop and Manufacture New Model of Digital Textile Printer

Highlights:

- *MCE signed MOU to explore the co-development and manufacturing of a new range of digital textile printer with Atexco, one of the leading manufacturers of digital textile printers in China.*
- *The full production volume is estimated to be 20,000 to 50,000 sets per year from the first quarter of 2016, based on projections by Atexco.*
- *The use of digital textile printers has been growing due to many advantages over traditional fabric printing processes such as flexibility for small and varied print run, a shorter overall turn-around delivery time, reduced usage of ink and water, reduction of chemical waste, and being more environmentally friendly.*

Singapore, 18 September 2014 – SGX Catalist-listed Metal Component Engineering Limited (“MCE” or the “Group”), a one-stop mechanical manufacturing solutions provider, is pleased to announce that the Group has signed a non-binding Memorandum of Understanding (“MOU”) with Hangzhou Honghua Digital Technology Stock Co. Ltd. (“Atexco”) to collaborate on the development and manufacture of a new model of digital textile printer.

Atexco is one of the leading manufacturers of digital textile printing equipment, located in the software park of the Hi-Tech Zone in Hangzhou, the capital city of Zhejiang province, the Peoples’ Republic of China. Atexco designs and manufactures the well-known VEGA range of digital textile printers, as well as a range of carpet printers and graphic printers.

About the Proposed Collaboration

Upon the signing of this MOU, MCE will be working closely with Atexco to co-develop and manufacture the new printer model – 64” series and 74” series. The scope of collaboration includes metal parts fabrication, supply chain management, modules and assembly testing, and the full assembly of finished product. As part of the MOU, MCE will develop a business

proposal that encompasses manufacturing program management, soft tool for prototyping purpose, pilot production; batch assembly; and finally, mass production.

Barring any unforeseen circumstances, the mass production volume is estimated to be at 20,000 to 50,000 sets per year from the first quarter of 2016, as projected by Atexco based on growing demand in the digital textile printing industry of leading countries such as China and India.

Commenting on the significance of today's MOU, Mr. Chua Kheng Choon, Chairman and CEO of MCE remarked, **“We are pleased to be working closely with Atexco on this turnkey project. This collaboration elevates MCE from a traditional precision engineering firm to a company capable of co-developing products and the assembly of highly complex electro-mechanical products. Digital textile printing is on the rise and this MOU demonstrates our ability to innovate, enhance our value added services, grow into manufacturing of new equipment, and keep pace with industry trends. Atexco will become our highly valuable partner. Barring any unforeseen circumstances, the growth potential of digital textile printers will positively impact MCE's performance over the next few years. We are committed to putting our best foot forward for this project and have confidence that this MOU will pave the way for more collaborations between our two companies.”**

Commenting on the importance of today's MOU, Mr Jin Xiao Tuan 金小团, General Manager of Atexco remarked, **“We are very pleased to have signed this MOU with MCE. Given MCE's past experience and current capabilities, we believe we have found the right partner. MCE has demonstrated to us its capability, integrity and commitment to work with us to successfully roll out our new range of digital printers. I believe they have what it takes to help us become a key player in the fast-changing digital textile printing industry.”**

Digital Textile Printing Industry On the Rise¹

Digital textile printing has become increasingly popular over the years in both the fashion apparel and the home furnishing textile industries due to several key advantages.

Digital textile printing enables immense flexibility to print in small and varied batches. Applying digital technology to textile printing offers unprecedented creative freedom in the application of a wide range of colors, design motifs and texturing. Unlike traditional fabric printing that requires many hours of setting up, digital technology means that designs can be

¹ Information in this section compiled and summarized from China Textile Industry Association, Textile Industry Sustainability Report, published in 2011.

transmitted very quickly to digital printers which are ready to print on demand. Overall production lead time is dramatically shortened.

Besides turnaround time, flexibility and creative freedom, digital textile printing represents a revolutionary step forward in terms of environmental friendliness. Compared to traditional printing processes, digital textile printing reduces ink/dye consumption by 20-40%, water usage by 40-60% and energy consumption by 50%.

As a result of the above, the use of digital textile printing is now an integral part of the fabric printing industry in North America and Europe where higher productivity, creative freedom and environmental sustainability are critical requirements throughout the textile industry in these countries.

In the Asia Pacific especially China, the current rate of adoption of digital textile printing remains low. While China's textile printing makes up 30% of global textile printing volume, digital textile printing only makes up approximately 1 to 2% of total global textile printing volume. This figure is a fraction of the 30% adoption rate of digital textile printing in European countries such as Spain and Italy. China's low digital textile printing adoption rate represents an immense opportunity for manufacturers of digital textile printers such as Atexco.

- End of Release -

About Metal Component Engineering Ltd (*Bloomberg: MCOM:SP; Reuters: META.SI*)

Metal Component Engineering Limited ("MCE" or the "Company") is a one-stop mechanical manufacturing solutions provider with a regional manufacturing presence in Asia. The Group focuses on data storage, office automation peripherals, ATM and kiosk products, as well as automotive industries.

The Company offers services from design, prototyping, tool and die fabrication (soft tools, hard tools and hybrid solutions), precision stamping production, surface finishing, to value-added assembly. It supports customers for both high-mix low-volume and low-mix high-volume production. MCE's services also extend to electromechanical assembly solutions, ranging from welding to mechanical structure integration, and supply chain management capabilities. Its assembly lines allow flexible configurations to meet various product requirements.

About Hangzhou Honghua Digital Technology Stock Co. Ltd ("Atexco")

Atexco is one of the leading manufacturers of digital textile printing equipment, located in the software park of the Hi-Tech Zone in Hangzhou, the capital city of Zhejiang province, the Peoples' Republic of China. The company designs and manufactures the well-known VEGA range of digital textile printers, as well as a range of carpet printers and graphic printers.

ISSUED ON BEHALF OF **METAL COMPONENT ENGINEERING LIMITED**

BY CAPITAL ACCESS COMMUNICATIONS PTE LTD

Neo Aik Kee
Email: aikkee@capitalaccess.com.sg
Mobile: +65 9793 0504

Edwin Lee
Email: edwinlee@capitalaccess.com.sg
Mobile: +65 9660 7361