

## NEWS RELEASE

### **HG METAL ANNOUNCES JOINT VENTURE WITH MOTTAMA HOLDINGS TO OPERATE ONE OF THE LARGEST STEEL STRUCTURE FABRICATION PLANTS IN MYANMAR**

**Singapore, 12 October 2015 - HG Metal Manufacturing Ltd** ("HG Metal"), a leading steel distributor and processor in Southeast Asia, has today entered into a joint venture with Mottama Holdings Ltd ("Mottama"), an established Myanmar group, to establish and operate a steel structure fabrication plant in Myanmar. Mottama is one of Myanmar's largest civil & industrial contractors and has business interests in trading, steel fabrication and property development.

The joint venture will be based in the Shwe Pyi Thar Township of Yangon, Myanmar. Combining HG Metal's expertise in steel fabrication and Mottama's established business network, the joint venture expects to serve the growing need for construction steel products in Myanmar.

Since the opening up of Myanmar to the outside world after decades of self-imposed isolation, political and economic developments have grown strongly. According to the World Bank, Myanmar's economy is forecast to grow at the rate of 7.8% to 8.5% over the next two years, driven by continued economic reforms and large investments into infrastructure projects. The burgeoning and growing construction and infrastructure development sector is expected to increase demand for steel-related products and services such as steel structure fabrication.

"This partnership represents a key milestone for us", commented Mr. Foo Sey Liang, Executive Director of HG Metal. "With increasing industrial activities and infrastructure developments in Myanmar, we expect to see strong demand for customized steel structures in the coming years. Combining the experience of both parties in the field, this joint venture will utilize a wide range of technical capabilities targeted at addressing the unmet demand for high quality steel products in Myanmar."

The plant under the joint venture will undertake to manufacture and fabricate customized steel structures, which includes cutting, bending and assembling of structural steel and metal sheets. The first year production capacity is expected to be 35,000 tonnes, making the plant one of the largest steel processing facilities in the country.

"We are extremely excited to join hands with HG Metal," commented U Yang Ho, Chairman of Mottama. "Our group has been involved in Myanmar's construction sector for more than two decades, and we are fully aware of the future opportunities in the market. This synergistic partnership will allow Mottama to tap on HG Metal's steel manufacturing expertise and strong sourcing network. We are confident of developing this joint venture to become the largest steel structure supplier in Myanmar, catering to both public and private infrastructure projects."

Under the joint venture agreement, HG Metal will invest US\$25 million for a 40% stake in the joint venture. HG Metal shall have strategic control over the joint venture, through its majority board control and the deployment of key management personnel.

## **About HG Metal**

Founded in 1971, HG Metal Manufacturing Limited ("HG Metal") is a leading steel distributor and processor in the region. HG Metal operates through two main business units, namely, HG Distribution and HG Construction and Industrial Steel & Services, to offer end-to-end services ranging from distribution services to downstream value-added activities.

Under the distribution business, HG Metal provides a wide range of services which includes wholesaling, retailing, trading, sourcing of products and distributing steel products to South-east Asia countries. The existing steel portfolio consist of more than 3,000 types of quality steel products that can be used in various industries and applications.

Under the processing business, HG Metal processes and provides a range of construction and industrial steel products, and offers a range customized services. The product type ranges from cut-and-bend reinforcing bars to deformed bars, and straight bars, while the services include galvanizing, coating, cutting and drilling as well as rental of plates and beams.

HG Metal was listed on Singapore Exchange's former junior board, SESDAQ, on 21 March 2002 and was upgraded to the mainboard in May 2004.

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