

## NEWS RELEASE

### HG METAL ANNOUNCES PARTNERSHIP WITH TOKYO LISTED JAPANESE STEEL TRADER HANWA

**Singapore, 13 December 2019 – HG Metal Manufacturing Ltd.** (“HG Metal”), a leading steel distributor and processor in Southeast Asia, through its wholly owned subsidiary HG Metal Investments Pte Ltd, has on 13<sup>th</sup> December 2019 entered into a joint venture with Tokyo-listed steel trader Hanwa Company Ltd (“Hanwa”) through its subsidiary Hanwa Singapore Pte Ltd. The other parties of the Joint Venture include Fortune Peak Investments Pte Ltd (“Fortune Peak”) and YNJ Company Ltd.

Hanwa, a major steel trader with an established presence in the South East Asia region, will be acquiring shares amounting to 10% of First Fortune International Co Ltd (the “JV Co”) from Fortune Peak. Following the acquisition, HG Metal will still retain its majority position with 51.04% shareholding in the JV Co and shall have strategic control over the JV Co as well as the deployment of key management personnel.

The JV Co was formed previously on 22<sup>nd</sup> August 2018 with an intention to establish and operate an advanced steel rebar Cut & Bend and Fabrication facility (the “JV Facility”). The JV Facility, commissioned in February 2019, has an annual production capacity of 50,000MT and currently supplies steel trading and fabrication services to various infrastructure and construction projects in the Yangon Region.

HG Metal currently operates a Cut & Bend and Fabrication facility in Singapore with a capacity of 100,000 per annum. The previous iteration of the JV Co served as a natural expansion of HG Metal’s existing business in Myanmar and the proposed partnership with Hanwa as a partner in the JV Co will allow the JV Co to further strengthen its position in the market amidst a surging demand for steel and steel related products in Myanmar.

Based on South East Asian Steel Institute (SEASI) estimates, steel consumption in Myanmar is expected to grow by 8% Y-O-Y and with the demand exceeding 5 million tons by 2025. For 2019, the total steel consumption exceeded 3 million tons with steel rebars making up 60% of the sales mix.

“We are delighted and welcome Hanwa as one of our partners”, commented Mr. Shin Taeyang, Group CEO of HG Metal. “We always have a strong relationship with Hanwa and this strategic partnership with a dominant player in the South East Asian steel market such as Hanwa will allow the JV Co to further entrench its position in the steel trading and fabrication industry in Myanmar. Our Group is confident that with our extensive expertise in the steel industry, we will be able to develop this JV Facility to be the premier provider of steel processing services in Myanmar. ”

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### **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 three main business units, namely, HG Distribution and HG Construction Steel and HG Industrial Steel & Services, to offer end-to-end customised services ranging from distribution services to downstream value-added activities.

With more than 800,000 square feet of land area, HG Metal is one of the largest steel warehouse and processing facilities in Singapore, storing more than 3,000 varieties of steel products for a wide range of industries and applications.

Under the Distribution business, HG Metal provides a wide array of services including wholesale activities, retailing, trading, sourcing of products and distributing steel products to ASEAN countries.

Under the processing business, HG Metal processes and provides a range of construction and industrial steel products, and offers a range customized services.

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