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## MEDIA RELEASE

### **HG Metal to acquire stake in Malaysian steel manufacturer Eden Flame Sdn. Bhd.**

- Stake will strengthen the Group's supply chain position in the regional steel market with access to reliable and competitive low-carbon EAF steel
- Group will be able provide EAF steel solutions as the demand for greener construction materials increases in Singapore and Southeast Asia

**SINGAPORE, 10 December 2025** – SGX Mainboard-listed HG Metal Manufacturing Limited (“**HG Metal**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) today announced that its wholly-owned subsidiary, HG Metal Investments Pte Ltd has entered into a subscription agreement with Eden Flame Sdn. Bhd. (“**Eden Flame**”) for the subscription of 18,000,000 Class B Preference Shares (“**Class B Shares**”) in Eden Flame at an issue price of RM1.00 per Class B Share (the “**Proposed Subscription**”).

Eden Flame is a Malaysian steel manufacturer with a plant in Pasir Gudang, Johor Bahru. The plant is targeted to commence operations by the third quarter of 2026 with a specialisation in low-carbon electric arc furnace (“**EAF**”) steel<sup>1</sup>. The plant will have an estimated annual production capacity of approximately 500,000 metric tonnes and its initial product focus is on 10mm – 40mm rebars, which is a high-demand segment in Southeast Asia.

The aggregate consideration for the Class B Shares is RM18 million (approximately S\$5.68 million), of which RM9 million is to be paid upon completion, and the remaining RM9 million is payable as and when call notices are issued by Eden Flame after completion. The completion of the Proposed Subscription will take place on a date to be mutually agreed between the Company and Eden Flame. At completion, all Class B Shares will be issued to the Company as partially paid-up Class B Shares. The

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<sup>1</sup> EAF steel is produced using an electric arc furnace (“EAF”) and a feedstock of recycled steel scrap, resulting in significantly lower greenhouse gas emissions compared to traditional blast furnace steelmaking. The resulting steel is considered low carbon because of the reduced carbon intensity of the process, making EAF steel a more sustainable and environmentally friendly alternative for a wide range of applications.

consideration will be funded through the Company's internal resources from existing working capital and/or proceeds previously raised from rights issues.

The Class B Shares will be issued as non-redeemable, non-cumulative preference shares that carry preferential dividend rights to ordinary shares of Eden Flame. The Class B Shares are convertible into ordinary shares based on a 1:1 ratio and represent approximately 4.4% of Eden Flame's post-completion enlarged shares (on an as-converted basis).

### **Rationale for Proposed Subscription**

The Proposed Subscription is part of the Group's broader strategic initiative to strengthen its supply chain position in the regional steel market. It will also support a transition towards low-carbon steel solutions, given Singapore's carbon tax trajectory and its regulatory direction under the Singapore Green Plan 2030 which have accelerated market demand for greener construction materials. HG Metal believes that its equity stake in Eden Flame will provide it with a source of reliable and competitive low-carbon steel, particularly for small-diameter rebars where there is a demand in Southeast Asia.

Commenting on the Proposed Subscription, Ms Xiao Xia, Executive Director and Chief Executive Officer of HG Metal, said: *"This upstream investment will not only provide us a reliable and competitive source for low-carbon steel, but will also help to position HG Metal for the future as the demand for low-carbon steel in Singapore and the rest of Southeast Asia increases. By broadening our product offerings to include EAF steel solutions, we are proactively catering to evolving needs of our customers."*

### **Interested Party Transaction**

Eden Flame is a wholly-owned subsidiary of Green Esteel Pte. Ltd. ("Esteel"). As Esteel is a controlling shareholder of the Company holding 52.59% of the Company's shares, Eden Flame is deemed to be an associate (as defined in the SGX Listing Manual) of Esteel and the Proposed Subscription is an interested person transaction ("IPT"), to which the requirements of Chapter 9 of the SGX Listing Manual apply.

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**Note: This media release is to be read in conjunction with the Company's SGXnet announcement on the same date.**

## **ABOUT HG METAL MANUFACTURING LIMITED**

With more than 40 years of experience in the industry, HG Metal Manufacturing Limited (“HG Metal” or the “Company”), has a strong reputation as one of the largest steel distributors and processors around the region.

By understanding its clients’ unique and changing needs amidst evolving market trends, HG Metal bridges the gap between upstream steel producers and end users of steel. Through its three main business units – HG Distribution, HG Construction Steel, HG Coupler & Thread – the Company provides one-stop, end-to-end customised solutions for its strong clientele base of more than 1,500.

The Company prides itself as one of the most established steel distributors and services providers in the market. Armed with an extensive network of suppliers and solid sourcing capabilities, HG Metal offers customised solutions for its regional customer base along the entire supply chain.

HG Metal was listed on the Singapore Exchange’s SESDAQ on 21 March 2002 and was upgraded to the Mainboard on 7 May 2004.

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