

NEWS RELEASE

HG METAL ANNOUNCES ACQUISITION AND SUBSEQUENT JOINT VENTURE TO OPERATE THE FIRST ADVANCED STEEL REBAR CUT & BEND AND FABRICATION FACILITY IN MYANMAR

Singapore, 23 August 2018 – 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 22nd August 2018 acquired 51.04% of First Fortune International Co., Ltd. and has subsequently entered into a joint venture with Fortune Peak Investments Pte Ltd and YNJ Engineering Co., Ltd. to establish and operate an advanced steel rebar Cut & Bend and Fabrication facility (the “JV Facility”). This joint venture is expected to have a total investment of about US\$11.5M.

HG Metal will have a 51.04% stake in the joint venture, and as a majority shareholder, HG Metal shall have strategic control over the joint venture as well as the deployment of key management personnel.

HG Metal currently operates a Cut & Bend and Fabrication facility in Singapore with a capacity of 72,000 tonnes per annum. The proposed joint venture will serve as a natural expansion of HG Metal’s existing business in Myanmar, whereby Myanmar sales is already contributing to more than half of HG Metal’s revenue.

The JV Facility will be based in the East Dagon Industrial Zone of Yangon and will undertake the business of processing, fabricating and trading of steel rebars and other steel products. Upon commissioning, the JV Facility will have an annual processing capacity of 50,000 tonnes and is expected to be operational by the first half of 2019. The venture will serve the steel fabrication needs of large civil engineering and infrastructure projects around Yangon region.

Based on ADB’s Asian Development Outlook published on April 2018, the Myanmar economy is expected to grow by 6.8% and is expected to top 7% by 2019¹. The NLD-led government has focused on bridging the infrastructure gap

¹ <https://www.adb.org/sites/default/files/publication/411666/ado2018.pdf>

in Myanmar and has introduced a series of mega-projects such as the Yangon Central Railway Redevelopment Project and the Yangon-Dala Bridge.

“This venture represents an exciting opportunity for us”, commented Mr. Foo Sey Liang, Executive Director of HG Metal. “Ever since our entry into the Myanmar market in 2015, we have been waiting for a good time to set up our own facility in Myanmar and this venture comes after the announcement of various major infrastructure projects which will drive demand for steel fabrication services in the coming years. 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.”

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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