

Date: April 28, 2017

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**Notice Concerning Capital Increase of Subsidiary through Third-Party
Allotment and Change in Specified Subsidiary**

Hanwa Co., Ltd. (“Hanwa”) announces that the Board of Directors meeting of Hanwa, held on April 27, 2017, resolved to subscribe for a capital increase of a subsidiary, Japan South Africa Chrome Co., Ltd. (“Japan South Africa Chrome”), through third party allotment of new shares issued for the purpose of its fundraising to acquire stakes of Samancor Chrome Holdings Proprietary Limited (“Samancor”), and as a result, the status of Japan South Africa Chrome will be changed to a specified subsidiary as capital of the subsidiary becomes 10% of Hanwa’s capital.

1. Reason of subscribing for the capital increase

On April 3, 2017, Hanwa has established a wholly-owned subsidiary, Japan South Africa Chrome, with the intention of acquiring the stakes of Samancor and obtaining the right to supply Ferro-Chromium for Japanese market. After negotiating, Japan South Africa Chrome will consequently acquire a 20% share of Samancor.

Furthermore, Japan South Africa Chrome has decided to raise approx. 27.0 billion yen for the stake acquisition through a capital increase by third-party allotment and thus Hanwa has decided to subscribe for its capital increase with the cooperation of Japan Oil, Gas and Metals National Corporation (“JOGMEC”). As a result of the transaction, the ownership structure of Japan South Africa Chrome will become 50.1% of Hanwa and 49.9% of JOGMEC.

In the meantime, Hanwa has had a direct stake in Samancor since 2005 and our share-holding ratio was 9% as of the end of March, 2017. Therefore, Hanwa will become a 19.02% of shareholder of Samancor, considering Hanwa’s indirect shareholding through Japan South Africa Chrome (10.02% by Hanwa).

2. Details of the subsidiary

Company Name	Japan South Africa Chrome Company Limited
Head Office	1-13-1, Tsukiji, Chuo-ku, Tokyo, Japan
Representative	Takeshi Amano, President
Purposes	Investment and management of securities and business transactions executed through holding shares and/or equity of a company of metal mining industry
Paid-in Capital	5,000 yen

Date of Establishment	April 3, 2017	
Large Shareholder and its Share-Holding Ratio	Hanwa Company Limited 100%	
Relationship with Hanwa	Capital Relationship	Hanwa holds 100% of voting rights.
	Personnel Relationship	Hanwa dispatches a president, two (2) directors and an auditor.
	Business Relationship	None

Note) After the transaction, the amount of capital and ownership structure will become as follows:

Paid-in Capital	13.6 billion yen (Estimated)	
Ownership	Hanwa	50.1%
	JOGMEC	49.9%

3. Details of JOGMEC

Company Name	Japan Oil, Gas and Metals National Corporation	
Head Office	2-10-1, Toranomom, Minato-ku, Tokyo, Japan	
Representative	Keisuke Kuroki, President	
Purposes	<ul style="list-style-type: none"> • Oil and Gas Upstream Investment and Research & Development • Coal Resource Development • Geothermal Resource Development • Metal Strategy, Exploration and Technology Development • Stockpiling • Mine Pollution Control 	
Paid-in Capital	878.9 billion yen	
Date of Establishment	February 29, 2004	
Relationship with Hanwa	Capital Relationship	None
	Personnel Relationship	None
	Business Relationship	None

4. Details of Samancor

Company Name	Samancor Chrome Holdings Proprietary Limited	
Head Office	1 st Floor, Block B Cullinan Place Johannesburg, South Africa	
Representative	Jürgen Schalamon, CEO	
Purposes	Mining of Chromite, production of Ferro-Chromium and its sales promotion	
Paid-in Capital	approx. 18.0 billion yen	
Year of Establishment	1975	
Large Shareholder	Terris Chrome Limited	

Relationship with Hanwa	Capital Relationship	Hanwa holds 9% voting rights.
	Personnel Relationship	Hanwa will dispatch non-executive directors.
	Business Relationship	Hanwa has purchased and sold Chrome-products produced by Samancor.

Note) A large shareholder, Terris Chrome Limited, holds a majority share of Samancor.

5. Situations of holding shares

Japan South Africa Chrome

Number of Shares before Capital Increase	10,000 shares (The number of voting rights : 10,000) (Share-holding ratio of Hanwa : 100%)
Number of Shares to increase	13,635,393,374 shares (Estimated) (The number of voting rights : 13, 635,393,374 (Estimated))
Number of Shares after Capital Increase	13,635,403,374 shares (Estimated) (The number of voting rights : 13, 635,403,374 (Estimated)) (Share-holding ratio of Hanwa : 50.1%)

Note) The abovementioned number of shares will fluctuate depending on the final capital increase amount converted into yen. Hanwa aims to hold a 50.1% share of Japan South Africa Chrome in any case.

Samancor

Hanwa has already held a 9% share of Samancor. Including the indirect stake acquisition through Japan South Africa Chrome (10.02% by Hanwa), Hanwa will hold a total 19.02% of share of Samancor.

Number of Shares before Transaction	900 shares (Share-holding ratio of Hanwa : 9%)
Number of Shares to increase	1,002 shares (50.1% of 2,000 shares that Japan South Africa Chrome acquires)
Number of Shares after Transaction	1,902 shares (Share-holding ratio of Hanwa : 19.02%)

6. Schedule

Resolution of the Board of Directors	April 27, 2017
Date of Capital Increase	April 28, 2017

7. Impact on financial results

Although this transaction may have a certain impact on the consolidated financial results of Hanwa, it has not yet calculated the reasonable amount. After calculation, details will be disclosed as soon as a material influence on the financial results is found.

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