



## HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

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### ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2022 - RESPONSES TO QUESTIONS FROM SHAREHOLDERS

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The Board of Directors (the “**Board**”) of HG Metal Manufacturing Limited (the “**Company**” and together with its subsidiaries the “**Group**”) refers to the Company’s notice of Annual General Meeting (“**AGM**”) dated 6 April 2022 and in particular to the invitation to shareholders to submit questions relating to the business of the AGM.

The Board would like to thank shareholders for submitting their questions in advance of the AGM to be held by way of electronic means on Thursday, 28 April 2022 at 10.00 a.m. and wishes to respond to those questions raised as follows:

#### 1) What is the visibility of customers’ demand in Singapore?

The construction sector has seen steady recovery and grew by 20.1% year-on-year in 2021, driven by rising construction demand from both the public and private sector as it rebounded from the COVID-19-induced contraction. Total construction demand based on contracts awarded was valued at S\$29.93<sup>1</sup> billion in 2021. The Building and Construction Authority of Singapore has upgraded the forecast of construction demand for 2022 to be around the pre-COVID-19 level at between S\$27.0 billion and S\$32.0 billion<sup>2</sup>. This augurs that construction demand is expected to grow in 2022 with the public sector expected to account for about 60% of the total demand, while private sector demand is estimated to stand between S\$11.0 billion and S\$13.0 billion. With the government’s measures to allow further easing of border restrictions that will alleviate the tightness in labour market, it should support higher level of construction activities and the backlog of works affected by the pandemic since 2020.

Additionally, the BCA has also projected that total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026<sup>2</sup>. Barring any unforeseen circumstances, we expect the Company will continue to benefit from the recovery of construction activities in Singapore.

<sup>1</sup> <https://www1.bca.gov.sg/docs/default-source/docs-corp-form/free-stats.pdf>

<sup>2</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

#### 2) Where does the Company source its raw materials from?

Our extensive networks of suppliers include China, Japan, Korea and other Eastern European countries. Our sourcing network is further extended into South East Asia (India, Thailand, Malaysia, and Vietnam) and Middle East.

#### 3) What is the Company's estimate for its market share for Cut and Bend in Singapore? Is there an estimate on how many other firms currently offer such service as well in Singapore?

Currently there are less than 9 key market players, which includes HG Metal for the reinforced steel industry in Singapore and they account for more than 90% of the market share. Given the sensitive nature of this trade information, we are unable to provide further elaboration on this topic.

**4) What is the Company's factory utilisation rate for its manufacturing for 2020 on average?**

In 2020 the Company's factory utilisation rate was approximately 30% lower than the normal utilization rate as the Singapore's construction industry was severely hit by the COVID-19 pandemic. The effect of the pandemic shock was most pronounced during the second and third quarters of the year due to the suspension of most construction activities during this period. Fortunately with the recovery of construction activities, our Company's factory utilization rate has returned to near pre-pandemic level in recent months, even though the utilization rate continues to be impacted by the progress of works at the construction sites which may at times slowdown due to the issue of labour shortages.

**5) Are the Company's selling prices positively correlated to the price of steel bars provided by BCA?**

Yes, a significant proportion of our sales contracts signed with customers are pegged to BCA's material price indices.

**By Order of the Board**

Foo Sey Liang  
Executive Director

22 April 2022