

**HANWELL HOLDINGS LIMITED**  
(Company No. 197400888M)  
(Incorporated in the Republic of Singapore)  
(the “Company”)

---

**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED  
ON THE COMPANY’S ANNOUNCEMENT IN RESPECT OF FULL YEAR RESULTS FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2021**

---

The Board of Directors of Hanwell Holdings Limited (the “Company” together with its subsidiaries, the “Group”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) (each, a “SGX Query”) pertaining to the Group’s full year Results Announcement for the financial year ended 31 December 2021, *inter alia*, and wishes to provide further information and clarification as follows:

**SGX Query 1**

It was disclosed in the unaudited FY2021 Financial Statements that the Group reported an increase in the “Other receivables” financial statement line item under its current assets from S\$132,587,000 as at 31 December 2020 to S\$145,952,000 as at 31 December 2021.

Pg 28 also provides:

*“Trade and other receivables increased by S\$ 13.37 million, mainly from the Packaging Business due to strengthening of Renminbi (“RMB”) against Singapore Dollars (“SGD”) and increase in term bills receivables (with 6 months’ maturity date) received from customers. This is in line with the higher revenue achieved by the Packaging Business. Higher sales for Consumer Business in Q4 2021 also contributed to the higher trade and other receivables.”*

In this regard, please disclose:

- a) The nature and breakdown of the Group’s trade and other receivables;
- b) The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;
- c) Aging of the Group’s trade and other receivables;
- d) The Group’s plans to recover these trade and other receivables; and
- e) The Board’s assessment on the recoverability of these trade and other receivables.

**Company’s Response to SGX Query 1**

- a) The nature and breakdown of the Group’s trade and other receivables;
- b) The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;

<b>Trade receivables</b>	<b><u>FY 2021 ('000)</u></b>	<b><u>FY 2020 ('000)</u></b>	<b><u>Variance ('000)</u></b>
Trade receivables	97,076	89,845	7,231
Bill receivables	42,106	36,847	5,259
Impairment loss	(1,149)	(1,122)	(27)
<b>Net trade receivables</b>	<b>138,033</b>	<b>125,570</b>	<b>12,463</b>

<b>Other Receivables</b>	<b>FY 2021 ('000)</b>	<b>FY 2020 ('000)</b>	<b>Variance ('000)</b>
Deposit	1,011	872	138
Other receivables	1,016	2,619	(1,603)
Advance to suppliers	2,950	2,283	668
Prepayment	2,942	1,243	1,699
<b>Sub-total</b>	<b>7,919</b>	<b>7,017</b>	<b>902</b>
<b>Total trade and other receivables</b>	<b>145,952</b>	<b>132,587</b>	<b>13,365</b>

The trade receivable transactions mainly relate to supply of household consumer products and sales of corrugated paper products and other packaging products.

Payment term for trade receivables of Consumer Business and Packaging Business is approximately 1 to 2 months and 2 months respectively.

c) Aging for the Group Trade receivables (including bill receivables)

<b>Aging analysis FY 2021</b>	<b>Gross ('000)</b>	<b>Impairment ('000)</b>	<b>Net ('000)</b>	<b>%</b>
Not past due	121,993	5	121,988	88%
Past due 0 - 90 days	16,007	-	16,007	12%
Past due 91 days or more	1,182	1,144	38	0%
<b>Total</b>	<b>139,182</b>	<b>1,149</b>	<b>138,033</b>	<b>100%</b>

d) The increase in trade receivables is mainly attributable to the increase in revenue achieved by the Group. A significant proportion (88%) of the trade receivables relates to amount which is not past due. Management is actively monitoring the collection from the customers to improve the overall cashflow position. Controls and processes have been put in place to review the recoverability of these trade and other receivables on a regular basis

e) In assessing the recoverability of the trade and other receivables, the aging of the debts, customers' ability to repay and current business environment are considered. The Board assessed that trade receivables net of impairment losses as at 31 December 2021 are still collectible, after considering the expected credit loss and specific provision requirements.

## **SGX Query 2**

We note that the Group recognised impairment losses for trade and other receivables amounting to S\$447,000 for the 6 months ended 31 December 2021, and S\$852,000 for the 12 months ended 31 December 2021. This is as compared to impairment losses for its trade and other receivables of S\$139,000 for the 6 months ended 31 December 2020, and S\$634,000 for the 12 months ended 31 December 2020.

In this regard, please disclose the following information:

- (a) How the Group's impairment losses for its trade and other receivables was determined and the rationale for the increase in impairment losses; and
- (b) The Board's opinion on the reasonableness of the methodologies used to determine the impairment losses of S\$447,000 and S\$852,000 for the 6 months and 12 months ended 31 December 2021 respectively.

## **Company's Response to SGX Query 2**

- a) The Group determined impairment losses for its trade and other receivables based on two methodologies: provision based on specific customers expected to default and provision based on expected credit loss model required under SFRS(I) 9. An assessment on the trade receivables turnover days was performed on the entities within the group and it has improved in FY 2021 as compared to FY 2020.

The increase in impairment losses is mainly attributable to the Packaging Business due to receivables which are past due and management has assessed that the collection of these balances which are past due are remote.

- b) The Board is of the opinion that the methodologies used to determine the impairment losses complies with SFRS(I) 9 and is appropriate and sufficient based on consideration of historical and current information.

## **By Order of the Board**

Siau Kuei Lian  
Company Secretary

3 March 2022