



HG METAL MANUFACTURING LIMITED
(Company Registration No. 198802660D)

RESPONSE TO FURTHER SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("ANNUAL REPORT 2019")

Capitalised terms which are not defined in herein shall have the meanings ascribed to them in the Company's announcement dated 29 April 2020 (the "Announcement").

Further to the Announcement setting out the responses of HG Metal Manufacturing Limited (the "**Company**") to queries received from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the Annual Report 2019, the Board of Directors ("**Board**") of the Company wishes to inform shareholders that the Company has received the following additional queries and sets out its response as follows:-

Query 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "**Code**"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration (and in particular, the remuneration of each individual director and the CEO). Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation

Company's response to Query 1:

As disclosed in Page 56 of the Annual Report 2019, the Board believes that it is for the benefit of the Company and the Group that the remuneration of the Executive Director and key management personnel be kept confidential due to its sensitive nature and the potential negative impact (such as poaching) such disclosure will have on the Group given the highly competitive environment it is operating in. The Board is of the view that this approach is for the best interests of the Company.

As such, the Company had disclosed a detailed breakdown of the directors' fees paid to the Independent Directors at Page 70 of the Annual Report 2019, while it disclosed with the bands of remuneration of \$250,000 paid to the Executive Director and CEO at Pages 70 and 71, with the allocation of base salary, bonus and allowances stated for shareholders' understanding.

Query 2:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.2 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response to Query 2:

As disclosed in Page 57 of the Annual Report 2019, save for Mr Foo Sey Liang, the Executive Director and substantial shareholder of the Company, there is no employee who is related to a Director, CEO or Substantial Shareholder of the Company in the Group's employment for FY2019. The remuneration of the Executive Director has been disclosed in Pages 70 and 139 of the Annual Report, notwithstanding that the remuneration of the Executive Director is not disclosed in the bands no wider than S\$100,000 in the Corporate Governance Report. As there is sufficient information disclosure as provided in Pages 57, 70 and 139 of the Annual Report on the remuneration of an employee who is the Executive Director and substantial shareholder of the Company, the Company believes that the explanation on the practices adopted and the information disclosure in the Annual Report are consistent with the intent of the Principle 8 of the Code.

By Order of the Board

Foo Sey Liang
Executive Director

5 May 2020