



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

RESPONSE TO SGX QUERIES ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY 2020")

Capitalised terms which are not defined in herein shall have the meanings ascribed to them in the Company's announcement dated 23 February 2021 (the "Announcement").

The Board of Directors (the "**Board**") of HG Metal Manufacturing Limited (the "**Company**" and together with its subsidiaries the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 29 March 2021 in respect of the Company's financial statements and dividend announcement for the financial year ended 31 December 2020 ("**FY2020**") and sets out its response as follows:

Query 1:

It is noted that the Group's inventories amounted to S\$28,138,000 as at 31.12.2020 as compared to S\$43,052,000 as at 31.12.2019. It is noted on page 13 that: "As at 31 December 2020, the Group's inventory on hand decreased to S\$28.1 million as compared to S\$43.1 million as at 31 December 2019. This was mainly due to the move to mitigate business risk brought about by the COVID-19 pandemic through reducing the Group's inventory holding and freezing stock replenishment for slow-moving products.

Please provide information on the Group's inventory turnover days.

Company's response to Query 1:

Inventory Turnover Days	FY2020 <u>178 Days</u>
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Query 2:

It is noted that the Group's trade and other receivables amounted to S\$37,674,000 as at 31.12.2020, as compared to S\$49,294,000 as at 31.12.2019. It is noted on page 13 that: "Trade and other receivables decreased to S\$37.7 million as at 31 December 2020 as compared to S\$49.3 million as at 31 December 2019 in tandem with lower sales activities."

Please disclose:-

- (i) a breakdown of the Group's Trade and Other Receivables; and
- (ii) aging of the Group's Trade Receivables.

Company's response to Query 2:

(i) The breakdown of the Group's Trade & Other Receivables is as follows:

	FY2020	FY2019
	S\$'000	S\$'000
Trade Receivables:		
Trade receivables-third parties	36,593	48,052
Amount due from related party	-	3
	36,593	48,055
Other Receivables:		
Other receivables-third parties	238	1,036
Rental, utilities and other deposits	138	185
Government grant receivables	163	-
Sundry receivables	89	-
Advance to suppliers for purchase of inventories	453	18
	1,081	1,239
Trade & Other Receivables	37,674	49,294

(ii) Aging analysis of Trade Receivables:

	Gross carrying amount	Allowance provision	Trade receivables (net)
	S\$'000	S\$'000	S\$'000
Current	14,580	41	14,539
Less than 3 months past due	12,381	43	12,338
3 months to 6 months past due	2,556	6	2,550
6 months to 12 months past due	2,225	144	2,081
More than 12 months past due	7,054	1,969	5,085
Trade Receivables-Third Parties	38,796	2,203	36,593

Query 3:

It is noted that the Group's trade and other payables amounted to S\$13,237,000 as at 31.12.20 as compared to S\$36,038,000 as at 31.12.2019. It is noted on page 13 that: "Trade and other payables decreased to S\$13.2 million as at 31 December 2020 compared to S\$36.0 million as at 31 December 2019 due to payment made to suppliers and less purchase activities during the year."

Please disclose a breakdown of trade and other payables amounting to S\$13,237,000 as at 31.12.20. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's response to Query 3:

The breakdown of Trade and Other Payables is as follows:

	FY2020
	S\$'000
Trade payables-third parties	5,505
Other Payables	7,732

Trade & Other Payables13,237

The nature and aging of Other Payables :

	Current	1-6	> 6	Total
	S\$'000	months	months	
		past due	past due	
		S\$'000	S\$'000	S\$'000
Deposit from customers	573	-	-	573
Accrued operating expenses	1,919	-	-	1,919
Other payables-third parties	1,039	781	649	2,469
Amount due to a shareholder of a subsidiary in Myanmar	-	-	1,466	1,466
GST payable	1,305	-	-	1,305
Other Payables	4,836	781	2,115	7,732

Save as disclosed above, no counterparties are related parties.

By Order of the BoardFoo Sey Liang
Executive Director

31 March 2021