



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

RESPONSE TO SGX QUERIES ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

The Board of Directors of HG Metal Manufacturing Limited (the “**Company**”) refers to the Company’s announcement dated 7 May 2018 (the “**Announcement**”) in relation to the Company’s financial statements for the financial period ended 31 March 2018 (“**1Q2018**”).

The Company has received queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) regarding the Announcement on 9 May 2018 and sets out its responses as follows:-

SGX-ST’s queries:

It is noted that neither the Group nor the Company currently has any bank borrowings as at 31 March 2018. However, it is noted that there are bank deposits pledged with banks amounting to approximately S\$15.4 million and S\$15.0 million for the Group and the Company respectively. In this regard, please clarify:-

- (i) the reason(s) for pledging the bank deposits with banks; and
- (ii) the reason(s) for the decrease in the bank deposits pledged with banks as at 31 March 2018 as compared to 31 December 2017.

Company’s response:

In the Announcement under Paragraph 1(c)(ii), it was disclosed that the Group’s bank deposits of S\$15.4 million was pledged with banks to secure trade credit facilities. These trade credit facilities refer to letters of credit, trade loan facilities, bankers’ guarantees and other bank facilities granted by the banks.

The bank deposits pledged with banks were reduced from S\$19.5 million as at 31 December 2017 to S\$15.4 million as at 31 March 2018. The reduction was attributable to the withdrawal of fixed deposits amounting to S\$4.5 million for investment in securities, after offsetting an increase of S\$0.4 million in fixed deposits pledged to banks, further details of which are found in Page 12 of the Announcement. As at 31 March 2018, the investment in securities amounting to S\$4.5 million was also pledged as collateral in respect of the trade credit facilities obtained by the Company.

By Order of the Board

Foo Sey Liang
Executive Director

11 May 2018