



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

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

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

Query 1:

Provision 2.4 of the Code of Corporate Governance (the "Code") provides that the Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report

Pursuant to Rule 710 of the Listing Manual, where there are variations from the Provisions, the issuer must provide the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle.

In this regard, please clarify how the Company has complied with Provision 2.4 of the Code and in particular, the other aspects of diversity.

Company's response to Query 1:

The Company refers to the Board composition and profile set out in pages 13 and 14 of the Annual Report 2019. As disclosed in page 47 of the Annual Report 2019, the Board does not have a fixed diversity policy, however the NC reviews the Board's composition annually to ensure that the Board has sufficient diversity of the Board in terms of balance of knowledge, skills, experience, and independence. This allows for flexibility in assessing the most suitable candidate to contribute to the Board, based on the needs of the Company (which may be regularly evolving) at the relevant time.

Notwithstanding that the Board does not have a fixed diversity policy, the Nominating Committee ("**NC**") is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively as the Board comprises members with diverse expertise and experience in the steel, finance and legal industries which enable them, in their collective judgement, to contribute effectively at Board and Board Committee meetings. In addition, the current Board comprises Directors from different age groups spanning a range of approximately 15 years.

As such, the Board concurs with the NC's view that there is an appropriate diversity mix of expertise to lead and govern the Group effectively avoid to groupthink and foster constructive debate, although there is no fixed diversity policy.

Query 2:

Guideline 8.1 of the Code provides, inter alia, that the company discloses in its annual report, in aggregate the total remuneration paid to the key management personnel (who are not directors or CEOs). We note that the Company has included the remuneration its CEO, Mr Shin Taeyang, in its

computation of the same. Kindly confirm that the Company will exclude Mr Shin's remuneration in the aggregate remuneration moving forward.

Company's response to Query 2:

The Company confirms that the Company will exclude the remuneration of its CEO, Mr Shin Taeyang, in the computation of the key management personnel going forward.

By Order of the Board

Foo Sey Liang
Executive Director

29 April 2020