



## **HG METAL MANUFACTURING LIMITED**

(Company Registration Number: 198802660D)

(Incorporated in the Republic of Singapore)

(the “**Company**”)

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### **MISAPPROPRIATION BY A FORMER STAFF MEMBER OF SUBSIDIARY**

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The Board of Directors of HG Metal Manufacturing Limited (the “**Company**”) wishes to announce that it has received a report from the management of suspected misappropriation of payments by a former staff member (the “**Individual**”) of its Indonesian subsidiary, PT. HG Metal Distribution Indonesia (“**HG Metal Indonesia**”). HG Metal Indonesia has reported this to the Indonesian authorities and the Individual is currently being held in custody by the Indonesian authorities pending investigations in the case. The Individual was terminated with immediate effect upon the discovery of the instances of suspected misappropriation.

The suspected misappropriation of IDR 260,000,000 (approximately S\$33,000) was discovered when internal checks were carried out. The Individual, has, without admission of liability, paid the Company the IDR 259,768,000 (approximately S\$33,000) to resolve the matter (the “**Repayment**”). The Repayment amounts have been placed with the Indonesian authorities as stakeholders pending the outcome of the investigations.

Following this incident, the Company has conducted its own internal investigations to determine the circumstances leading up to the suspected misappropriation. The Board believes that the Company’s and its subsidiaries’ (the “**Group**”) internal controls are adequate and will continue to take measures to strengthen the internal control procedures for HG Metal Indonesia.

The Company’s existing internal auditor shall be engaged to review and ensure the effectiveness and completeness of internal controls implemented.

In view of the amount involved and that the Repayment amounts would be recoverable by the Company in the event investigations conclude that the Individual is indeed guilty of the offence of misappropriation, this incident would not have a material impact on the Group’s results for the financial period ended 31 December 2012 which has previously been announced.

The Company will keep shareholders updated if there is any further development in the matter.

### **BY ORDER OF THE BOARD**

Goh Kian Sin  
Managing Director and Chief Executive Officer  
15 April 2013