



# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Half Year Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3& Q4), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) A Statement of Comprehensive Income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	1H2020 S\$'000	1H2019 S\$'000	% (+/-)
<b>Revenue</b>	<b>43,822</b>	<b>61,435</b>	<b>(29)</b>
Cost of sales	(39,166)	(56,356)	(31)
<b>Gross profit</b>	<b>4,656</b>	<b>5,079</b>	<b>(8)</b>
<b>Gross margin</b>	<b>10.6%</b>	<b>8.3%</b>	
Other operating income	2,998	2,571	17
Selling and distribution costs	(319)	(238)	34
Administrative expenses	(4,808)	(4,308)	12
Other operating expenses	(2,650)	(3,433)	(23)
Finance costs	(497)	(343)	45
Reversal of impairment/(Impairment loss) on financial assets	142	(30)	nm*
<b>Loss before income tax</b>	<b>(478)</b>	<b>(702)</b>	<b>(32)</b>
Income tax expense	(4)	(5)	(20)
<b>Net loss for the period</b>	<b>(482)</b>	<b>(707)</b>	<b>(32)</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss :			
Foreign currency translation	243	(58)	nm*
<b>Other comprehensive income for the period, net of tax</b>	<b>243</b>	<b>(58)</b>	<b>nm*</b>
<b>Total comprehensive income for the period</b>	<b>(239)</b>	<b>(765)</b>	<b>nm*</b>
<b>Loss attributable to:</b>			
Owners of the Company	(806)	(589)	nm*
Non-controlling interests	324	(118)	nm*
	<b>(482)</b>	<b>(707)</b>	<b>nm*</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(705)	(623)	nm*
Non-controlling interests	466	(142)	nm*
	<b>(239)</b>	<b>(765)</b>	<b>nm*</b>

\*nm denotes not meaningful

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Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2020

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## 1(a)(ii) Notes to the Statement of Comprehensive Income for the Group

	Group	
	1H2020	1H2019
Loss before tax is arrived at after crediting/(charging) the following:		
	S\$'000	S\$'000
Reversal of impairment/(Impairment loss) on financial assets	142	(30)
Bad debts (write-off)/recovered	(12)	108
Amortisation of intangible assets	(7)	(2)
Depreciation of property, plant and equipment	(1,362)	(1,482)
Depreciation of right-of-use assets	(650)	(1,312)
Fair value gain/(loss) on derivatives, net	173	(158)
Foreign exchange gain/(loss), net	787	(45)
Interest income	176	234
Finance costs	(497)	(343)
(Loss)/gain on disposal of property, plant and equipment	(12)	2
Write-off of property, plant and equipment	(199)	(1)

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## 1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.06.2020 S\$'000	31.12.2019 S\$'000	30.06.2020 S\$'000	31.12.2019 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	34,160	32,236	7,035	7,284
Right-of-use assets	10,811	11,295	1,319	1,674
Intangible assets	130	124	32	26
Restricted deposits	784	784	-	-
Investment in subsidiaries	-	-	13,113	13,113
Investment securities	7,761	9,520	7,761	9,520
	53,646	53,959	29,260	31,617
<b>Current assets</b>				
Investment securities	2,272	524	2,272	524
Inventories	50,576	43,052	23,723	30,207
Trade and other receivables	30,451	49,294	49,853	54,529
Income tax recoverable	47	45	-	-
Prepaid expenses	715	532	491	301
Fixed deposits pledged with banks	6,000	2,500	2,500	2,500
Cash and cash equivalents	17,520	22,911	10,258	13,787
	107,581	118,858	89,097	101,848
<b>Current liabilities</b>				
Trade and other payables	10,206	36,038	33,789	45,943
Lease liabilities	908	1,308	540	922
Bank borrowings	25,543	19,813	18,639	19,585
Provision for income tax	14	14	-	-
Provision for reinstatement costs	-	467	-	467
Deferred income	54	-	54	-
Derivative financial instruments*	169	341	169	341
	36,894	57,981	53,191	67,258
<b>Net current assets</b>	70,687	60,877	35,906	34,590
<b>Non-current liabilities</b>				
Lease liabilities	7,262	7,789	1,703	1,976
Bank borrowings	13,455	3,192	-	-
Deferred taxation	25	25	-	-
Provision for reinstatement costs	1,167	1,167	500	500
	21,909	12,173	2,203	2,476
	102,424	102,663	62,963	63,731
<b>Equity attributable to owners of the Company</b>				
Share capital	70,496	70,496	70,496	70,496
Treasury shares	(2,215)	(2,215)	(2,215)	(2,215)
Other reserves	3,086	2,985	2,527	2,527
Accumulated profits/(losses)	26,666	27,472	(7,845)	(7,077)
	98,033	98,738	62,963	63,731
<b>Non-controlling interests</b>	4,391	3,925	-	-
<b>Total equity</b>	102,424	102,663	62,963	63,731

\*The derivative financial instruments relate to fair value adjustments of forward currency contracts entered into by the Group to hedge foreign currency exposure on the Group's trade receivables and purchases.

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### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 30 June 2020			As at 31 December 2019		
	Secured <sup>1</sup> S\$'000	Unsecured S\$'000	Lease liabilities <sup>2</sup> S\$'000	Secured <sup>1</sup> S\$'000	Unsecured S\$'000	Lease liabilities <sup>2</sup> S\$'000
Repayable within one year	25,543	-	908	19,813	-	1,308
Repayable after one year	13,455	-	7,262	3,192	-	7,789
Total	38,998	-	8,170	23,005	-	9,097

#### Details of collaterals

1. The bank loans are secured by fixed charge over fixed deposit and investment in bonds that are pledged to bank, as well as mortgage over certain leasehold properties of the Group.
2. Lease liabilities arising from adoption of the new Singapore Financial Reporting Standards (International) ("SFRS (I)") 16 Leases that is effective for annual periods beginning on or after 1 January 2019.

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Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2020

## 1(c)(i) A Statement of Cash Flows for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	<b>Group</b>	
	1H2020	1H2019
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(478)	(702)
Adjustments for:		
Depreciation of property, plant and equipment	1,362	1,482
Depreciation of right-of-use assets	650	1,312
Amortisation of intangible assets	7	2
(Reversal of impairment)/Impairment loss on financial assets	(142)	30
Bad debts write-off/(recovered)	12	(108)
Loss/(gain) on disposal of property, plant and equipment	12	(2)
Write-off of property, plant and equipment	199	1
Fair value (gain)/loss on derivatives, net	(173)	158
Finance costs	497	343
Interest income	(176)	(234)
Unrealised foreign exchange gain, net	(372)	(2)
<b>Operating cash flow before changes in working capital</b>	<b>1,398</b>	<b>2,280</b>
Working capital changes:		
Inventories	(8,133)	(7,599)
Trade and other receivables	19,343	1,391
Prepaid expenses	(184)	(261)
Trade and other payables	(19,544)	(5,237)
<b>Cash used in operations</b>	<b>(7,120)</b>	<b>(9,426)</b>
Interest expense paid	(364)	(248)
Interest income received	120	228
Income tax paid	(4)	(6)
<b>Net cash flows used in operating activities</b>	<b>(7,368)</b>	<b>(9,452)</b>
<b>Cash flows from investing activities</b>		
Fixed deposit pledged with banks	(3,500)	-
Proceeds from disposal of property, plant and equipment	13	8
Proceeds from disposal of intangible assets	-	2
Purchase of property, plant and equipment	(9,204)	(3,546)
Purchase of intangible assets	(9)	(24)
<b>Net cash flows used in investing activities</b>	<b>(12,700)</b>	<b>(3,560)</b>
<b>Cash flows from financing activities</b>		
Contribution of share capital by minority shareholders	-	770
Proceeds from bank borrowings	48,330	38,575
Repayment of bank borrowings	(32,382)	(30,985)
Principal element of lease payments	(984)	(2,650)
Interest on lease	(40)	(72)
<b>Net cash flows generated from financing activities</b>	<b>14,924</b>	<b>5,638</b>
Net decrease in cash and cash equivalents	(5,144)	(7,374)
Effects on exchange rate changes on cash and cash equivalents	(247)	31
Cash and cash equivalents at beginning of financial period	22,911	15,435
<b>Cash and cash equivalents at end of financial period</b>	<b>17,520</b>	<b>8,092</b>

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### 1(c)(ii) Note to the Consolidated Statement of Cash Flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	<b>Group</b>	
	30 June 2020 S\$'000	30 June 2019 S\$'000
Cash and bank balances	15,365	6,908
Bank deposits	8,155	10,684
	23,520	17,592
<i>Less</i> : Bank deposits pledged with banks <sup>(1)</sup>	(6,000)	(9,500)
Cash and cash equivalents per consolidated cash flow statement	17,520	8,092

- <sup>(1)</sup> Bank deposit of S\$6.0 million was pledged with banks to secure trade credit facilities. The amount is restricted in use and may not be withdrawn without the banks' prior approval.

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**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Attributable to owners of the Company								
	Share capital	Treasury shares	Capital reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the Company, total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 December 2018	70,496	(2,215)	2,527	(212)	708	28,940	100,244	2,660	102,904
Effects of adopting SFRS(I) 16	-	-	-	-	-	(2,226)	(2,226)	-	(2,226)
At 1 January 2019	70,496	(2,215)	2,527	(212)	708	26,714	98,018	2,660	100,678
Profit for the year	-	-	-	-	-	758	758	6	764
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	(38)	-	(38)	(42)	(80)
Other comprehensive income for the year, net of tax	-	-	-	-	(38)	-	(38)	(42)	(80)
Total comprehensive income for the year	-	-	-	-	(38)	758	720	(36)	684
<u>Change in ownership interest in subsidiary</u>									
Issuance of ordinary shares in a subsidiary	-	-	-	-	-	-	-	1,301	1,301
Total change in ownership interest in subsidiary	-	-	-	-	-	-	-	1,301	1,301
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	1,301	1,301
At 31 December 2019	70,496	(2,215)	2,527	(212)	670	27,472	98,738	3,925	102,663

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Group	Attributable to owners of the Company								
	Share capital	Treasury shares	Capital reserve	Other reserves	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the Company, total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	70,496	(2,215)	2,527	(212)	670	27,472	98,738	3,925	102,663
Loss for the period	-	-	-	-	-	(806)	(806)	324	(482)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	101	-	101	142	243
Other comprehensive income for the period, net of tax	-	-	-	-	101	-	101	142	243
Total comprehensive income for the period	-	-	-	-	101	(806)	(705)	466	(239)
<u>Change in ownership interest in subsidiary</u>									
Issuance of ordinary shares in a subsidiary	-	-	-	-	-	-	-	-	-
Total change in ownership interest in subsidiary	-	-	-	-	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-
At 30 June 2020	70,496	(2,215)	2,527	(212)	771	26,666	98,033	4,391	102,424



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Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 December 2018	70,496	(2,215)	2,527	(6,805)	64,003
Effects of adopting SFRS(I) 16	-	-	-	(2,225)	(2,225)
At 1 January 2019	70,496	(2,215)	2,527	(9,030)	61,778
Profit for the year, representing total comprehensive income for the year	-	-	-	1,953	1,953
At 31 December 2019	70,496	(2,215)	2,527	(7,077)	63,731
At 1 January 2020	70,496	(2,215)	2,527	(7,077)	63,731
Loss for the period, representing total comprehensive income for the period	-	-	-	(768)	(768)
At 30 June 2020	70,496	(2,215)	2,527	(7,845)	62,963

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since 31 December 2019 to 30 June 2020.

	2020	2019
<b><u>Number of issued shares (excluding treasury shares)</u></b>		
As at 30 June	127,417,735	127,417,735
<b><u>Number of treasury shares</u></b>		
As at 30 June	3,193,630	3,193,630
Percentage of number of treasury shares against the total number of issued shares	2.45%	2.45%

The Company did not hold any options, convertibles or subsidiary holdings as at 30 June 2020 and 30 June 2019.

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**1(d)(iii) to show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.**

	<b>30 June 2020</b>	<b>31 December 2019</b>
Total number of issued shares	130,611,365	130,611,365
Treasury shares	<u>(3,193,630)</u>	<u>(3,193,630)</u>
Total number of issued shares excluding treasury shares	<u>127,417,735</u>	<u>127,417,735</u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no treasury shares sold, transferred, disposed, cancelled and/or used during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no subsidiary holdings during and as at the end of the current financial period reported on.

**2. Whether figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been reviewed or audited by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recent audited financial statements for the financial year ended 31 December 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those in the audited financial statements for the financial year ended 31 December 2019, and all relevant new Singapore Financial Reporting Standards (International) ("SFRS(I)s"), amendments and interpretations of SFRS(I)s that are effective for annual periods beginning on or after 1 January 2020. The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2020 did not have any material financial impact on financial statements for the current financial period.

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6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	1H2020	1H2019
Earnings per ordinary shares:		
(a) Basic (cents)	(0.63)	(0.46)
(b) Diluted (cents)	(0.63)	(0.46)

- (a) Earnings per share were calculated based on weighted average number of shares of 127,417,735 and 127,417,735 for the period ended 30 June 2020 and 30 June 2019 respectively.
- (b) Diluted earnings per share were calculated based on adjusted weighted average number of shares during the year.

There was no dilution in earnings per ordinary share this year and the comparative last year.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31.06.2020	31.12.2019	31.06.2020	31.12.2019
Net asset value per ordinary share (S\$)	0.77	0.77	0.49	0.50

Net asset value per ordinary share was calculated based on 127,417,735 as at 30 June 2020 and 31 December 2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### **Results for 1H 2020 versus 1H 2019**

#### **Revenue and Gross Profit**

The Group's reported weaker revenue of S\$43.8 million for 1H2020, representing a 29% decline against the S\$61.4 million achieved in 1H2019. This was mainly due to suspension of trade and business disruption faced by most of our customers' since April 2020 following the "circuit breaker" and other control measures imposed by the government to fight against the outbreak of COVID-19 pandemic.

The improvement in gross profit margin to 10.6% in 1H2020 from 8.3% in 1H2019, contributed mainly by better profit margin achieved for local sales and the overseas subsidiary in Myanmar helped to cushion the negative impact arising from reduction in revenue. Consequently, the Group's gross profit declined to S\$4.7 million in 1H2020 compared to S\$5.1 million in 1H2019.

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## **Other Operating Income**

Other operating income increased from S\$2.6 million in 1H2019 to S\$3.0 million in 1H2020. The increase was mainly attributed to S\$0.6 million in government grants received from the job support scheme and foreign worker levy rebate as well as foreign exchange gain of S\$1.0 million which were partially offset by the reduction in warehousing and rental income of S\$0.6 million and absence of other compensation and miscellaneous incomes of S\$0.6 million.

## **Selling and Distribution, Administrative, Other Operating and Finance Expenses**

The Group's selling and distribution expenses increased by S\$0.1 million in 1H2020 mainly due to higher out-sourced logistics services to handle local deliveries in tandem with the growth in local sales in 1Q2020 and growth in sales volume for our Myanmar subsidiary.

Administrative expenses increased by 12% to S\$4.8 million in 1H2020 from S\$4.3 million in 1H2019. This was mainly resulted from the increase in salary cost and staff headcount following the opening of new production facility in Myanmar in February 2019 and higher recruitment of staff in second half of 2019 to support sales growth in local market.

Other operating expenses reduced from S\$3.4 million in 1H2019 to S\$2.7 million in 1H2020, primarily due to the reduction in depreciation of right-of-use assets following the expiration of one lease agreement.

Total finance costs incurred increased to S\$0.5 million in 1H2020 due to higher borrowing for trade financing and construction loan for properties redevelopment.

## **Profitability**

The Group recorded a net loss after tax of S\$0.5 million in 1H2020, compared to a net loss after tax of S\$0.7 million in 1H2019.

## **Balance Sheet**

The Group's non-current assets maintained at S\$53.6 million as at 30 June 2020 compared to S\$54.0 million as at 31 December 2019. This was mainly attributed to the increase in property, plant and equipment of S\$1.9 million, that relates mainly to redevelopment of warehouse facility in Singapore and reduction in right-of-use assets of S\$0.5 million and investment securities of S\$1.8 million.

As at 30 June 2020, the Group's inventory on hand increased to S\$50.6 million as compared to S\$43.1 million as at 31 December 2019 as a result of replenishment of stock for construction steel projects prior to the imposition of circuit breaker measures and decline in material consumption since the circuit breaker period as a result of suspension and delay of construction activities due to the COVID-19 pandemic.

Trade and other receivables decreased to S\$30.5 million as at 30 June 2020 as compared to S\$49.3 million as at 31 December 2019 mainly due to decrease in sales activities and collection from customers.

Trade and other payables decreased to S\$10.2 million as at 30 June 2020 from S\$36.0 million as at 31 December 2019 due to repayment made to suppliers in 1H2020.

Bank borrowings increased to S\$39.0 million as at 30 June 2020 mainly due to increase in construction loan for development of properties in Singapore and Myanmar and slight increase in trade financing for stock purchases.

## **Statement of Cash Flows**

The net cash flows used in operating activities was S\$7.4 million in 1H2020 as compared to net cash flows used in operating activities of S\$9.5 million in 1H2019. This was mainly attributable to reduction in working capital used by the Group.

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Net cash flows used in investing activities for 1H2020 was S\$12.7 million, mainly due to purchase of property, plant and equipment of S\$9.2 million and placement of fixed deposit of S\$3.5 million with a bank.

Net cash flows generated from financing activities for 1H2020 was S\$14.9 million, mainly due to net proceeds from bank borrowings of S\$15.9 million, offset by repayment of lease payments of S\$1.0 million.

The Group's cash and cash equivalents was S\$17.5 million as at 30 June 2020 in comparison to S\$8.1 million as at 30 June 2019.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Group's unaudited results for the financial period ended 30 June 2020 are in line with the Company's profit guidance announcement dated 27 July 2020.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The advance estimates released by Singapore's Ministry of Trade and Industry indicated that Singapore's GDP is expected to contract by 12.6% on a year-on-year basis in 2Q 2020 due to weak external demand and COVID-19 "circuit breaker" measures. The construction sector reported a contraction of 54.7% on a year-on-year basis in the half-year ended. On a quarter-on-quarter seasonally-adjusted annualised basis, the construction sector shrank by 95.6% in the second quarter. The adverse results experienced by the construction sector was attributed to the implementation of the circuit breaker measures which led to a stoppage of most construction activities during the circuit breaker period, and business disruptions resulted from manpower movement restrictions imposed at foreign worker dormitories.

The Group's financial performance for the six months ended 30 June 2020 was not spared from the negative impact caused by the outbreak of COVID-19 and the imposition of circuit breaker measures. Business disruptions that affected the Group and our customers, especially those from the construction sector which had mostly halted business operations since the circuit breaker period had led to the decline in the Group's business volume in 1H2020.

In view that countries around the world continue to battle the second and third waves of COVID-19 outbreaks, the business and operating environment of the Group will therefore continue to be affected by the uncertainty of the duration and severity of COVID-19 which hinder the recovery of the construction sector and other sectors.

While the Group still maintains a healthy order book for the construction steel projects, the execution and delivery of secured orders for these projects will be delayed unless manpower movement restriction imposed at the foreign worker dormitories can be gradually lifted and the business activities for the construction sector can return to its normalcy in the foreseeable future. We noted that the COVID-19 multi-ministry task force had on 6 August 2020 announced that most foreign workers will be able to return to work and construction activity is expected to resume by end of August 2020.

Given the economic uncertainties and volatile industry conditions, the Group will continue to focus on optimising its balance sheet, monitoring the risk exposures faced by the business and to adjust our response to the evolving situation, where possible. In addition, while there is no liquidity risk concern faced by the Group at the moment, the Group has secured temporary financing lines from banks as contingent plan to support the Group's working capital needs as and when required.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2020

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## 11. Dividend

### (a) Current financial period reported on

*Any dividend recommended for the current financial year reported on?*

None

### (b) Corresponding period of the immediately preceding financial year

*Any dividend recommended for the corresponding period of the immediately preceding financial year?*

None

### (c) Date payable

Not applicable

### (d) Books closure date

Not applicable

## 12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable as the Company currently does not have profits available for the declaration of dividend.

## 13. Interested persons transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

There were no interested person transactions with aggregate value of more than S\$100,000 during financial period ended 30 June 2020 pursuant to Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

## 14. Statement pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of HG Metal Manufacturing Limited which may render the interim financial results for the half-year ended 30 June 2020 to be false or misleading in any material respect.

## 15. Confirmation pursuant to Rule 720(1) of the Listing Manual

We confirm that the Group has procured undertakings to comply with the Listing Manual of the Singapore Exchange Securities Trading Limited from all its directors and executive officers.

## 16. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Mainboard Rules

Not applicable as the Company did not undertake any transactions in relation to Mainboard Rule 706A for the half-year ended 30 June 2020.

**On behalf of the Board,**

**Teo Yi-Dar**  
Chairman

**Foo Sey Liang**  
Director

**7 August 2020**