



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Financial Statements and Dividend Announcement for Financial Year Ended 31 December 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			Group		
	2H 2020 S\$'000	2H 2019 S\$'000	% (+/-)	FY 2020 S\$'000	FY 2019 S\$'000	% (+/-)
Revenue	47,871	75,685	(37)	91,693	137,120	(33)
Cost of sales	(41,388)	(67,442)	(39)	(80,554)	(123,798)	(35)
Gross profit	6,483	8,243	(21)	11,139	13,322	(16)
Gross margin	13.5%	10.9%	24	12.1%	9.7%	
Other operating income	2,145	2,356	(9)	4,622	4,927	(6)
Selling and distribution costs	(243)	(316)	(23)	(562)	(554)	1
Administrative expenses	(3,875)	(5,287)	(27)	(8,683)	(9,595)	(10)
Other operating expenses	(2,018)	(3,194)	(37)	(4,147)	(6,627)	(37)
Finance costs	(607)	(549)	11	(1,104)	(892)	24
(Impairment loss)/reversal of impairment on financial assets	(31)	250	(112)	111	220	(50)
Profit before income tax	1,854	1,503	23	1,376	801	72
Income tax expense	(37)	(32)	16	(41)	(37)	11
Net profit for the year	1,817	1,471	24	1,335	764	75
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss :						
Foreign currency translation	(394)	(22)	nm*	(151)	(80)	89
Other comprehensive income for the year, net of tax	(394)	(22)	nm*	(151)	(80)	89
Total comprehensive income for the year	1,423	1,449	(2)	1,184	684	73
Profit attributable to:						
Owners of the Company	1,833	1,346	36	1,027	758	35
Non-controlling interests	(16)	125	(113)	308	6	nm*
	1,817	1,471	24	1,335	764	75
Total comprehensive income attributable to:						
Owners of the Company	1,663	1,342	24	958	720	33
Non-controlling interests	(240)	107	nm*	226	(36)	nm*
	1,423	1,449	(2)	1,184	684	73

*nm denotes not meaningful

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

Profit before tax is arrived at after crediting/(charging) the following:	Group		Group	
	2H 2020	2H 2019	FY 2020	FY 2019
	S\$'000	S\$'000	S\$'000	S\$'000
(Impairment loss)/reversal of impairment on financial assets	(31)	250	111	220
Bad debts recovered	18	-	6	108
Amortisation of intangible assets	(8)	(5)	(15)	(7)
Reversal of reinstatement cost	-	133	-	133
Depreciation of property, plant and equipment	(1,412)	(1,437)	(2,774)	(2,919)
Depreciation of right-of-use assets	(499)	(1,476)	(1,149)	(2,788)
Fair value gain/(loss) on derivatives, net	126	(141)	299	(299)
Foreign exchange (loss)/gain, net	(521)	326	266	281
Interest income	241	198	417	432
Finance costs	(607)	(549)	(1,104)	(892)
Gain on disposal of property, plant and equipment	22	267	10	269
Gain on termination of lease	17	-	17	-
Write-off of property, plant and equipment	(18)	(3)	(217)	(4)
Write back/(write down) of inventories	8	(19)	8	(19)

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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	
	31.12.2020 S\$'000	31.12.2019 S\$'000	31.12.2020 S\$'000	31.12.2019 S\$'000
Non-current assets				
Property, plant and equipment	33,963	32,236	6,458	7,284
Right-of-use assets	11,209	11,295	1,551	1,674
Intangible assets	117	124	30	26
Restricted deposits	784	784	-	-
Investment in subsidiaries	-	-	13,113	13,113
Investment securities	3,005	9,520	3,005	9,520
	49,078	53,959	24,157	31,617
Current assets				
Investment securities	6,515	524	6,515	524
Inventories	28,138	43,052	15,981	30,207
Trade and other receivables	37,674	49,294	43,414	54,529
Income tax recoverable	44	45	-	-
Prepaid expenses	167	532	121	301
Fixed deposits pledged with banks	6,000	2,500	2,500	2,500
Cash and cash equivalents	19,452	22,911	8,769	13,787
	97,990	118,858	77,300	101,848
Current liabilities				
Trade and other payables	13,237	36,038	31,903	45,943
Lease liabilities	950	1,308	579	922
Bank borrowings	2,658	19,813	586	19,585
Provision for income tax	13	14	-	-
Provision for reinstatement costs	-	467	-	467
Deferred income	197	-	88	-
Derivative financial instruments*	43	341	35	341
	17,098	57,981	33,191	67,258
Net current assets	80,892	60,877	44,109	34,590
Non-current liabilities				
Lease liabilities	7,122	7,789	1,492	1,976
Bank borrowings	17,172	3,192	1,558	-
Deferred taxation	57	25	-	-
Provision for reinstatement costs	1,772	1,167	800	500
	26,123	12,173	3,850	2,476
	103,847	102,663	64,416	63,731
Equity attributable to owners of the Company				
Share capital	70,496	70,496	70,496	70,496
Treasury shares	(2,215)	(2,215)	(2,215)	(2,215)
Other reserves	2,916	2,985	2,527	2,527
Accumulated profits/(losses)	28,499	27,472	(6,392)	(7,077)
	99,696	98,738	64,416	63,731
Non-controlling interests	4,151	3,925	-	-
Total equity	103,847	102,663	64,416	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 31 December 2020			As at 31 December 2019		
	Secured ¹ S\$'000	Unsecured S\$'000	Lease liabilities S\$'000	Secured ¹ S\$'000	Unsecured S\$'000	Lease liabilities S\$'000
Repayable within one year	2,658	-	950	19,813	-	1,308
Repayable after one year	17,172	-	7,122	3,192	-	7,789
Total	19,830	-	8,072	23,005	-	9,097

Details of collaterals

1. The bank loans are secured by fixed charge over fixed deposits and investment in bonds that are pledged to banks, as well as mortgage over certain leasehold properties of the Group.

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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

	Group		Group	
	2H 2020	2H 2019	FY 2020	FY 2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	1,854	1,503	1,376	801
Adjustments for:				
Depreciation of property, plant and equipment	1,412	1,437	2,774	2,919
Depreciation of right-of-use assets	499	1,476	1,149	2,788
Amortisation of intangible assets	8	5	15	7
Reversal of reinstatement cost	-	(133)	-	(133)
Impairment loss/(reversal of impairment) on financial assets	31	(250)	(111)	(220)
Bad debts recovered	(18)	-	(6)	(108)
Gain on disposal of property, plant and equipment	(22)	(267)	(10)	(269)
Gain on termination of lease	(17)	-	(17)	-
Write-off of property, plant and equipment	18	3	217	4
(Write back)/write down of inventories	(8)	19	(8)	19
Fair value (gain)/loss on derivatives, net	(126)	141	(299)	299
Finance costs	607	549	1,104	892
Interest income	(241)	(198)	(417)	(432)
Unrealised foreign exchange loss/(gain), net	902	(413)	530	(415)
Operating cash flow before changes in working capital	4,899	3,872	6,297	6,152
Working capital changes:				
Inventories	22,446	(5,328)	14,313	(12,927)
Trade and other receivables	(8,057)	1,588	11,286	2,979
Prepaid expenses	549	(140)	365	(401)
Trade and other payables	1,822	5,622	(17,722)	385
Cash generated from/(used in) operations	21,659	5,614	14,539	(3,812)
Interest expense paid	(592)	(559)	(996)	(879)
Interest income received	221	132	341	360
Income tax paid	(5)	(7)	(9)	(13)
Net cash flows generated from/(used in) operating activities	21,283	5,180	13,875	(4,344)
Cash flows from investing activities				
Fixed deposit withdrawn from/(pledged with) banks	-	7,000	(3,500)	7,000
Proceeds from disposal of property, plant and equipment	422	-	435	8
Proceeds from disposal of intangible assets	-	2	-	4
Proceeds from settlement of investment securities	500	-	500	-
Purchase of property, plant and equipment	(1,074)	(6,896)	(10,278)	(10,442)
Purchase of right-of-use assets	(40)	-	(40)	-
Purchase of intangible assets	-	(84)	(9)	(108)
Net cash flows (used in)/generated from investing activities	(192)	22	(12,892)	(3,538)
Cash flows from financing activities				
Contribution of share capital by minority shareholders	-	-	-	770
Proceeds from bank borrowings	8,552	44,124	56,882	82,699
Repayment of bank borrowings	(27,371)	(31,892)	(59,753)	(62,877)
Principal element of lease payments	(491)	(2,609)	(1,475)	(5,259)
Net cash flows (used in)/generated from financing activities	(19,310)	9,623	(4,346)	15,333
Net increase/(decrease) in cash and cash equivalents	1,781	14,825	(3,363)	7,451
Effects on exchange rate changes on cash and cash equivalents	151	(6)	(96)	25
Cash and cash equivalents at beginning of financial year	17,520	8,092	22,911	15,435
Cash and cash equivalents at end of financial year	19,452	22,911	19,452	22,911

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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:

	Group	
	31 December 2020 S\$'000	31 December 2019 S\$'000
Cash and bank balances	18,289	21,780
Bank deposits	7,163	3,631
	25,452	25,411
<i>Less</i> : Bank deposits pledged with banks ⁽¹⁾	(6,000)	(2,500)
Cash and cash equivalents per consolidated cash flow statement	19,452	22,911

- ⁽¹⁾ Fixed deposit of S\$6.0 million was pledged with bank 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
Profit for the year	-	-	-	-	-	1,027	1,027	308	1,335
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	(69)	-	(69)	(82)	(151)
Other comprehensive income for the year, net of tax	-	-	-	-	(69)	-	(69)	(82)	(151)
Total comprehensive income for the year	-	-	-	-	(69)	1,027	958	226	1,184
At 31 December 2020	70,496	(2,215)	2,527	(212)	601	28,499	99,696	4,151	103,847

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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
Profit for the year, representing total comprehensive income for the year	-	-	-	685	685
At 31 December 2020	70,496	(2,215)	2,527	(6,392)	64,416

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 31 December 2020.

	2020	2019
<u>Number of issued shares (excluding treasury shares)</u>		
As at 31 December	127,417,735	127,417,735
<u>Number of treasury shares</u>		
As at 31 December	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 31 December 2020 and 31 December 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.

	31 December 2020	31 December 2019
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 modifications 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		Group	
	2H 2020	2H 2019	FY 2020	FY 2019
Earnings per ordinary shares:				
(a) Basic (cents)	1.44	1.06	0.81	0.59
(b) Diluted (cents)	1.44	1.06	0.81	0.59

- (a) Earnings per share were calculated based on weighted average number of shares of 127,417,735 for the period ended 31 December 2020 and 31 December 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net asset value per ordinary share (S\$)	0.78	0.77	0.51	0.50

Net asset value per ordinary share was calculated based on 127,417,735 as at 31 December 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 2H 2020 versus 2H 2019

Revenue and Gross Profit

The Group reported a 37% decline in revenue to S\$47.9 million in 2H2020 from S\$75.7 million in 2H2019. Our customers moved to resume business operations progressively after phase 2 re-opening was announced by the Government. However, the Group was only able to regain much of its business volume starting 4th quarter of FY2020 after the resumption of most of the construction activities starting August 2020. The business disruption caused by the Covid-19 pandemic thus had translated into an overall reduction in business volume and lower revenue being generated in 2H2020 as compared to 2H2019.

The Group recorded a gross profit of S\$6.5 million in 2H2020 as compared to gross profit of S\$8.2 million in 2H2019. This was mainly due to reduction in sales volume in local sales but partially cushioned by the improvement in gross profit margin to 13.5% in 2H2020 as compared to 10.9% in 2H2019.

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Other Operating Income

Other operating income decreased to S\$2.1 million in 2H2020 from S\$2.4 million in 2H2019. The decline was mainly attributed to the reduction in warehousing and rental income of S\$0.4 million and absence of one-off gain from disposal of property, plant and equipment of S\$0.2 mil. The reduction in income was partially offset by government grants received from the job support scheme and foreign worker levy rebate.

Selling and distribution, Administrative, Other Operating and Finance Costs

The Group's distribution expenses decreased to S\$0.2 million in 2H2020 from S\$0.3 million in 2H2019 in line with decrease in revenue reported in 2H2020.

Administrative expenses declined to S\$3.9 million in 2H2020 from S\$5.3 million in previous corresponding period. This was mainly due to decrease in payroll cost and other administrative costs in tandem with lower business activities and waiver of foreign worker levy granted by the government as well as other cost control measures implemented in areas such as management salary cuts, and deferring of all non-essential staff hiring.

Other operating expenses reduced from S\$3.2 million in 2H2019 to S\$2.0 million in 2H2020, primarily due to the reduction in depreciation of right-of-use assets following the expiration of one warehouse lease agreement.

There was slight increase in finance cost in 2H2020 compared in 2H2019. This was mainly due to the increase in interest incurred on construction loans for the warehouse properties in Singapore and Myanmar and partially offset by reduction in lease interest following the expiry of the leases agreement for a warehouse property.

Profitability

The Group generated a net profit after tax of S\$1.8 million in 2H2020 in comparison to a net profit after tax of S\$1.5 million in 2H2019 due to reasons afore-mentioned.

Results for FY2020 versus FY2019

Revenue and Gross Profit

The Group's revenue for FY2020 declined by 33% to S\$91.7 million from S\$137.1 million in FY2019. This was mainly due to the 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.

Consequently, the Group's gross profit dropped to S\$11.1 million in FY2020 from S\$13.3 million in FY2019 in tandem with the decline in sales volume and revenue. However, the higher gross profit margin of 12.1% achieved in FY2020 helped to cushion the negative impact caused by the reduction in revenue.

Other Operating Income

Other operating income declined to S\$4.6 million in FY2020 from S\$4.9 million in FY2019. This was mainly attributed to the reduction in warehousing and rental income of S\$1.0 million and the absence of one-off operating incomes of S\$0.6 million which relates to gain from disposal of property, plant and machinery and other miscellaneous operating incomes recorded in FY2019. This was partially offset by government grants received from the job support scheme and foreign worker levy rebate.

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Selling and distribution, Administrative, Other Operating and Finance Costs

There was no significant increase in selling and distribution costs as compared to prior year.

Administrative expenses reduced to S\$8.7 million in FY2020 from S\$9.6 million in FY2019. This was mainly resulted from the decline in payroll cost and other administrative costs.

Other operating expenses reduced from S\$6.6 million in FY2019 to S\$4.2 million in FY2020, primarily due to the reduction in depreciation of right-of-use assets following the expiration of one warehouse lease agreement.

Total finance costs incurred increased to S\$1.1 million in FY2020 from S\$0.9 million in FY2019 mainly due to increase in construction loans for properties redevelopment in Singapore and Myanmar.

Profitability

As a result of the foregoing, the Group achieved a net profit after tax of S\$1.3 million in FY2020 in comparison to a net profit after tax of S\$0.8 million in FY2019.

Balance Sheet

The Group's non-current assets decreased to S\$49.1 million as at 31 December 2020 from S\$54.0 million as at 31 December 2019. This was mainly attributed to the reclassification of investment securities maturing in 2021 to current assets.

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.

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.

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.

Bank borrowings decreased to S\$19.8 million as at 31 December 2020 from S\$23.0 million as at 31 Dec 2019 due to repayment made during the year.

Statement of Cash Flows

Second half year

The net cash flows generated from operating activities was S\$21.3 million in 2H2020 as compared to S\$5.2 million in prior period, mainly due to increase in net working capital inflow. The working capital changes improved by S\$15.0 million in 2H2020 as compared to the prior period.

Net cash flows used in investing activities for 2H2020 was S\$0.2 million, which was mainly used to purchase property, plant and machinery of S\$1.1 million, partially offset by proceed from disposal of property, plant and equipment of S\$0.4 million and proceeds from maturity of investment securities of S\$0.5 million.

Net cash flows used in financing activities for 2H2020 was S\$19.3 million, mainly due to net repayment of S\$18.8 million in bank borrowings and repayment of lease of S\$0.5 million.

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Full year

The net cash flows generated from operating activities was S\$13.9 million in FY2020 as compared to net cash flows used in operating activities of S\$4.3 million in prior year, mainly due to increase in net working capital inflow. The working capital changes improved by S\$18.2 million in FY2020 as compared to last financial year.

Net cash flows used in investing activities for FY2020 was S\$12.9 million. This was mainly due to purchase of property, plant and equipment of S\$10.3 million, which relates mainly to redevelopment of the warehouse facilities at 28 Jalan Buroh, Singapore 619484 and construction of a new steel fabrication facility in Myanmar, and pledged fixed deposit with a bank of S\$3.5 million, which was partially offset by proceeds from disposal of property, plant and equipment of S\$0.4 million and proceeds from maturity of investment securities of S\$0.5 million.

Net cash flows used in financing activities for FY2020 was S\$4.3 million, mainly due to net repayment of S\$2.9 million to bank borrowings and repayment of lease of S\$1.5 million.

The Group's cash and cash equivalents was S\$19.5 million as at 31 December 2020 in comparison to S\$22.9 million as at 31 December 2019, mainly due to the increase in bank deposits pledged to bank to secure new banking facilities.

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

Not applicable.

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

According to the Building and Construction Authority (BCA) media release dated 18 January 2021, total construction demand in 2021 is projected to recover to between S\$23 billion and S\$28 billion, with the public sector contributing about 65% of the total demand. This is an improvement from the total construction demand of S\$21.3 billion (preliminary estimate) reported in 2020. There is now a growing sense of optimism for the Singapore economy as the Covid-19 situation has been kept under control domestically with the various control measures implemented by the Singapore government, plus the nation-wide vaccine program recently introduced by the Singapore authorities. The expected significant government spending in 2021 hence will spur Singapore's economic recovery from the pandemic induced contraction experienced in 2020.

Notwithstanding the assumed optimism on the economic recovery for Singapore in 2021, we expect the construction industry to remain challenging due to the competitive environment, continual supply chain disruptions, rising steel prices and volatility witnessed in recent months that will affect the cost of our stock replenishment and add pressure to our business margin. Backed by a healthy balance sheet, the Group will step up its marketing efforts to grow its existing businesses and to take advantage of any opportunities as it arises.

Meanwhile, we continue to monitor the development of the political crisis as it is unfolding in Myanmar as this has led to unfavourable disruption to our business operations in Myanmar. At this stage, the Group is unable to determine the extent of the financial impact resulting from this crisis. The Board will continue to monitor the evolving situations and will make the appropriate announcement(s) as and when there are material developments on this matter.

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11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial year reported on?

Yes. The Directors are pleased to recommend a final one-tier tax exempt cash dividend of 0.5.Singapore cents per ordinary share in respect of the financial year ended 31 December 2020 for approval by shareholders at the next Annual General Meeting to be convened.

(b) Corresponding period of the immediately preceding financial year

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

No

(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

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 31 December 2020 pursuant to Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

14. 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.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Business Segment

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial year ended 31 Dec 2020</u>					
Revenue					
Sales to external customers	31,329	60,364	-	-	91,693
Inter-segment sales	22,868	1,251	-	(24,119)	-
Total	54,197	61,615	-	(24,119)	91,693
Results					
Other income	2,541	3,547	35	(3,076)	3,047
Dividend income	2,318	-	-	(2,318)	-
JSS income	616	217	-	-	833
Interest income	382	129	16	(110)	417
Bad debts recovered	-	6	-	-	6
Gain from disposal property, plant and equipment	22	-	(12)	-	10
Fair value gain from derivatives	307	(8)	-	-	299
Write back of impairment of inventories	8	-	-	-	8
Interest expense	(277)	(937)	-	110	(1,104)
Depreciation and amortisation of assets	(1,501)	(1,281)	(7)	-	(2,789)
Depreciation of right-of-use assets	(546)	(603)	-	-	(1,149)
Segment (loss)/profit	685	3,152	2,805	(5,266)	1,376
Income tax expenses					(41)
Gain for the year					1,335
Assets and liabilities					
Additions to non-current assets	1,241	4,949	-	-	6,190
Segment assets	101,459	94,537	31,179	(80,151)	147,024
Income tax recoverable					44
Total assets					147,068
Segment liabilities	37,042	64,582	2,276	(60,749)	43,151
Tax payable					13
Deferred tax liabilities					57
Total liabilities					43,221

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	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial year ended 31 Dec 2019					
Revenue					
Sales to external customers	45,583	91,537	-	-	137,120
Inter-segment sales	59,026	93	-	(59,119)	-
Total	104,609	91,630	-	(59,119)	137,120
Results					
Other income	4,571	162	346	(961)	4,118
Dividend income	1,962	-	-	(1,962)	-
Interest income	464	-	36	(68)	432
Bad debts recovered	108	-	-	-	108
Gain from disposal property, plant and equipment	264	5	20	(20)	269
Fair value loss from derivatives	(299)	-	-	-	(299)
Interest expenses	(271)	(75)	(265)	(281)	(892)
Write down of inventories	(19)	-	-	-	(19)
Depreciation and amortisation of assets	(1,786)	(839)	(301)	-	(2,926)
Depreciation of right-of-use assets	(2,474)	(163)	(151)	-	(2,788)
Segment profit/(loss)	1,953	4,608	(1,118)	(4,642)	801
Income tax expense					(37)
Profit for the year					764
Assets and liabilities					
Additions to non-current assets	81	3,759	15,721	(46)	19,515
Segment assets	133,466	65,135	58,707	(84,536)	172,772
Income tax recoverable					45
Total assets					172,817
Segment liabilities	69,734	50,085	14,677	(64,381)	70,115
Tax payable					14
Deferred tax liabilities					25
Total liabilities					70,154

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Geographical segment

	Singapore S\$'000	Malaysia S\$'000	Indonesia S\$'000	Myanmar S\$'000	Others S\$'000	Group S\$'000
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Financial year ended 31 Dec 2020

Sales to external customers	74,780	900	2,109	13,904	-	91,693
Non-current assets	31,071	402	-	13,816	-	45,289

Financial year ended 31 Dec 2019

Sales to external customers	114,830	608	4,347	17,306	29	137,120
Non-current assets	28,673	408	-	14,574	-	43,655

Non-current assets information presented above consist of property, plant and equipment, Right-of-use assets and intangible assets as presented in the consolidated balance sheet.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8 above

17. A breakdown of sales as follows:

	<u>Group</u>		
	<u>FY 2020</u>	<u>FY 2019</u>	<u>%</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>(+/-)</u>
<u>First Half</u>			
Sales reported for first half year	43,822	61,436	(29)
Operating loss after tax before deducting non-controlling interests reported for first half year	<u>(483)</u>	<u>(708)</u>	<u>(32)</u>
<u>Second Half</u>			
Sales reported for remaining period	47,871	75,684	(37)
Operating profit after tax before deducting non-controlling interests reported for remaining period	<u>1,818</u>	<u>1,472</u>	<u>23</u>

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	<u>Group</u>	
	<u>FY 2020</u>	<u>FY 2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Ordinary	<u>637</u>	<u>-</u>

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- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable

- 20. 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 full financial year ended 31 December 2020.

On behalf of the Board,

Teo Yi-Dar
Chairman

Foo Sey Liang
Director

23 February 2021