



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

**Condensed Interim Financial Statements**  
**for the Six Months and Full Year Ended 31 December 2022**



## Table of Contents

Condensed interim consolidated statement of profit or loss and other comprehensive income ..	3
Condensed interim statements of financial position .....	4
Condensed interim statements of changes in equity .....	5
Condensed interim consolidated statement of cash flows.....	8
Selected notes to the condensed interim consolidated financial statements .....	9
Other information required by Listing Rule Appendix 7.2 .....	38

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Condensed interim consolidated statement of profit or loss and other comprehensive income**

	Group			Group		
	6 months ended 31 December 2022	6 months ended 31 December 2021	%	12 months ended 31 December 2022	12 months ended 31 December 2021	%
	S\$'000	S\$'000	(+/-)	S\$'000	S\$'000	(+/-)
<b>Revenue</b>	<b>71,503</b>	<b>74,126</b>	<b>(4)</b>	<b>158,373</b>	<b>142,267</b>	<b>11</b>
Cost of sales	(65,725)	(58,928)	12	(137,219)	(113,115)	21
<b>Gross profit</b>	<b>5,778</b>	<b>15,198</b>	<b>(62)</b>	<b>21,154</b>	<b>29,152</b>	<b>(27)</b>
<b>Gross margin</b>	<b>8.1%</b>	<b>20.5%</b>		<b>13.4%</b>	<b>20.5%</b>	
Other operating income	890	1,758	(49)	2,335	3,499	(33)
Selling and distribution costs	(197)	(163)	21	(358)	(391)	(8)
Administrative expenses	(4,722)	(5,600)	(16)	(10,988)	(11,199)	(2)
Other operating expenses	(3,738)	(1,797)	108	(5,601)	(4,079)	37
Finance costs	(1,109)	(543)	104	(1,765)	(1,065)	66
Impairment loss on non-financial assets	(8,810)	-	nm*	(8,810)	-	nm*
Impairment loss on financial assets	(1,041)	(2,429)	(57)	(1,212)	(3,485)	(65)
<b>(Loss)/profit before income tax</b>	<b>(12,949)</b>	<b>6,424</b>	<b>nm*</b>	<b>(5,245)</b>	<b>12,432</b>	<b>nm*</b>
Income tax expense	693	(562)	nm*	(530)	(1,262)	(58)
<b>Net (loss)/profit for the year</b>	<b>(12,256)</b>	<b>5,862</b>	<b>nm*</b>	<b>(5,775)</b>	<b>11,170</b>	<b>nm*</b>
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss :						
Foreign currency translation	26	31	nm*	162	127	nm*
<b>Other comprehensive income for the year, net of tax</b>	<b>26</b>	<b>31</b>	<b>nm*</b>	<b>162</b>	<b>127</b>	<b>nm*</b>
<b>Total comprehensive income for the year</b>	<b>(12,230)</b>	<b>5,893</b>	<b>nm*</b>	<b>(5,613)</b>	<b>11,297</b>	<b>nm*</b>
<b>(Loss)/Profit attributable to:</b>						
Owners of the Company	(6,952)	6,304	nm*	(527)	12,065	nm*
Non-controlling interests	(5,304)	(442)	nm*	(5,248)	(895)	nm*
	<b>(12,256)</b>	<b>5,862</b>	<b>nm*</b>	<b>(5,775)</b>	<b>11,170</b>	<b>nm*</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(6,944)	6,318	nm*	(485)	12,110	nm*
Non-controlling interests	(5,286)	(425)	nm*	(5,128)	(813)	nm*
	<b>(12,230)</b>	<b>5,893</b>	<b>nm*</b>	<b>(5,613)</b>	<b>11,297</b>	<b>nm*</b>
<b>Earnings per share:</b>						
Basic (cents)	(5.54)	4.96	nm*	(0.42)	9.48	nm*
Diluted (cents)	(5.54)	4.96	nm*	(0.42)	9.48	nm*

\*nm denotes not meaningful

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Condensed interim statements of financial position

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	21,723	31,868	4,329	5,351
Right-of-use assets	8,195	11,460	176	2,078
Intangible assets	238	261	145	146
Investment in subsidiaries	-	-	13,028	13,113
Investment securities	3,810	7,671	3,810	7,671
Restricted deposits	142	-	-	-
	34,108	51,260	21,488	28,359
<b>Current assets</b>				
Investment securities	3,861	1,127	3,861	1,127
Cash and cash equivalents	15,407	27,876	7,923	11,786
Fixed deposits pledged with banks	9,016	7,251	5,000	3,750
Restricted deposits	-	784	-	-
Inventories	58,851	45,779	23,030	20,923
Trade and other receivables	36,578	37,511	44,062	46,516
Income tax recoverable	139	128	-	-
Prepaid expenses	315	216	132	114
	124,167	120,672	84,008	84,216
<b>Total assets</b>	158,275	171,932	105,496	112,575
<b>Current liabilities</b>				
Lease liabilities	600	1,033	155	586
Trade and other payables	11,474	21,506	29,359	33,525
Bank borrowings	23,621	9,892	8,425	5,860
Provision for income tax	498	843	-	-
Provision for reinstatement costs	241	-	241	-
Derivative financial instruments*	423	39	38	34
	36,857	33,313	38,218	40,005
<b>Net current assets</b>	87,310	87,359	45,790	44,211
<b>Non-current liabilities</b>				
Lease liabilities	5,253	6,272	64	905
Bank borrowings	11,556	15,011	766	1,167
Deferred tax liabilities	574	478	-	-
Provision for reinstatement costs	972	2,772	-	1,800
	18,355	24,533	830	3,872
<b>Total liabilities</b>	55,212	57,846	39,048	43,877
<b>Net assets</b>	103,063	114,086	66,448	68,698
<b>Equity attributable to owners of the Company</b>				
Share capital	70,496	70,496	70,496	70,496
Treasury shares	(3,034)	(2,636)	(3,034)	(2,636)
Other reserves	3,003	2,961	2,527	2,527
Accumulated profits/(losses)	34,388	39,927	(3,541)	(1,689)
	104,853	110,748	66,448	68,698
<b>Non-controlling interests</b>	(1,790)	3,338	-	-
<b>Total equity</b>	103,063	114,086	66,448	68,698
<b>Total equity and liabilities</b>	158,275	171,932	105,496	112,575

\* 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.

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Condensed interim statements of changes in equity**

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 2022	70,496	(2,636)	2,527	(212)	646	39,927	110,748	3,338	114,086
Loss for the year	-	-	-	-	-	(527)	(527)	(5,248)	(5,775)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	42	-	42	120	162
Other comprehensive income for the year, net of tax	-	-	-	-	42	-	42	120	162
Total comprehensive income for the year	-	-	-	-	42	(527)	(485)	(5,128)	(5,613)
<u>Contribution by and distributions to owners</u>									
Purchase of treasury shares	-	(398)	-	-	-	-	(398)	-	(398)
Dividend on ordinary shares	-	-	-	-	-	(5,012)	(5,012)	-	(5,012)
Total contribution by and distributions to owners	-	(398)	-	-	-	(5,012)	(5,410)	-	(5,410)
Total transactions with owners in their capacity as owners	-	(398)	-	-	-	(5,012)	(5,410)	-	(5,410)
At 31 December 2022	70,496	(3,034)	2,527	(212)	688	34,388	104,853	(1,790)	103,063

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Condensed interim statements of changes in equity (cont'd)

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 2021	70,496	(2,215)	2,527	(212)	601	28,499	99,696	4,151	103,847
Profit/(loss) for the year	-	-	-	-	-	12,065	12,065	(895)	11,170
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	45	-	45	82	127
Other comprehensive income for the year, net of tax	-	-	-	-	45	-	45	82	127
Total comprehensive income for the year	-	-	-	-	45	12,065	12,110	(813)	11,297
<u>Contribution by and distributions to owners</u>									
Purchase of treasury shares	-	(421)	-	-	-	-	(421)	-	(421)
Dividends on ordinary shares	-	-	-	-	-	(637)	(637)	-	(637)
Total contribution by and distributions to owners	-	(421)	-	-	-	(637)	(1,058)	-	(1,058)
Total transactions with owners in their capacity as owners	-	(421)	-	-	-	(637)	(1,058)	-	(1,058)
At 31 December 2021	70,496	(2,636)	2,527	(212)	646	39,927	110,748	3,338	114,086

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Condensed interim statements of changes in equity (cont'd)

Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	70,496	(2,636)	2,527	(1,689)	68,698
Profit for the year, representing total comprehensive income for the year	-	-	-	3,160	3,160
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(398)	-	-	(398)
Dividend on ordinary shares	-	-	-	(5,012)	(5,012)
Total transactions by and distributions to owners	-	(398)	-	(5,012)	(5,410)
Total transactions with owners in their capacity as owners	-	(398)	-	(5,012)	(5,410)
At 31 December 2022	70,496	(3,034)	2,527	(3,541)	66,448
At 1 January 2021	70,496	(2,215)	2,527	(6,392)	64,416
Profit for the year, representing total comprehensive income for the year	-	-	-	5,340	5,340
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(421)	-	-	(421)
Dividends on ordinary shares	-	-	-	(637)	(637)
Total transactions by and distributions to owners	-	(421)	-	(637)	(1,058)
Total transactions with owners in their capacity as owners	-	(421)	-	(637)	(1,058)
At 31 December 2021	70,496	(2,636)	2,527	(1,689)	68,698

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Condensed interim consolidated statement of cash flows**

	Group		Group	
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	SS'000	SS'000	SS'000	SS'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before income tax	(12,949)	6,424	(5,245)	12,432
Adjustments for:				
Bad debts recovered	-	(2)	(1)	(4)
Depreciation of property, plant and equipment	2,053	1,472	3,540	2,971
Depreciation of right-of-use assets	554	564	1,320	1,123
Amortisation of intangible assets	16	14	32	22
Gain on disposal of property, plant and equipment	(84)	(379)	(91)	(455)
(Gain)/loss on modification of lease	(336)	3	(336)	-
Write-off of property, plant and equipment	1	-	5	-
Impairment of property, plant and equipment	7,813	-	7,813	-
Impairment of ROU assets	997	-	997	-
Allowance for inventories obsolescence	99	6	99	6
Impairment loss on financial assets	1,041	2,429	1,212	3,485
Fair value loss/(gain) on derivatives, net	915	124	384	(4)
Finance costs	1,109	543	1,765	1,065
Interest income	(117)	(71)	(185)	(192)
Unrealised foreign exchange loss/(gain), net	(1,496)	(320)	(1,011)	(329)
<b>Operating cash flow before changes in working capital</b>	<b>(384)</b>	<b>10,807</b>	<b>10,298</b>	<b>20,120</b>
Working capital changes:				
Inventories	(8,799)	(4,264)	(13,583)	(17,651)
Trade and other receivables	7,026	(683)	435	(3,377)
Prepaid expenses	108	122	(99)	(159)
Trade and other payables	(1,946)	5,220	(10,851)	9,523
<b>Cash (used in)/generated from operations</b>	<b>(3,995)</b>	<b>11,202</b>	<b>(13,800)</b>	<b>8,456</b>
Interest expense paid	(873)	(506)	(1,413)	(899)
Interest income received	132	147	269	315
Income tax paid	(349)	(6)	(779)	(95)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(5,085)</b>	<b>10,837</b>	<b>(15,723)</b>	<b>7,777</b>
<b>Cash flows from investing activities</b>				
Fixed deposit pledged with banks	(7)	(1,251)	(1,765)	(1,251)
Proceeds from disposal of property, plant and equipment	22	638	27	817
Proceeds from maturity of investment securities	-	4,750	1,000	6,500
Purchase of investment securities	-	(4,772)	-	(5,832)
Purchase of property, plant and equipment	(529)	(719)	(796)	(2,386)
Purchase of right-of-use assets	-	-	-	(100)
Purchase of intangible assets	-	(33)	(9)	(159)
<b>Net cash flows used in investing activities</b>	<b>(514)</b>	<b>(1,387)</b>	<b>(1,543)</b>	<b>(2,411)</b>
<b>Cash flows from financing activities</b>				
Purchase of treasury shares	-	(421)	(398)	(421)
Dividends paid on ordinary shares of the Company	-	-	(5,012)	(637)
Proceeds from bank borrowings	59,354	39,588	112,774	57,520
Repayment of bank borrowings	(63,713)	(41,737)	(101,684)	(52,578)
Principal element of lease payments	(587)	(515)	(1,134)	(1,023)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(4,946)</b>	<b>(3,085)</b>	<b>4,546</b>	<b>2,861</b>
Net (decrease)/increase in cash and cash equivalents	(10,545)	6,365	(12,720)	8,227
Effects on exchange rate changes on cash and cash equivalents	342	116	251	197
Cash and cash equivalents at beginning of financial year	25,610	21,395	27,876	19,452
<b>Cash and cash equivalents at end of financial year</b>	<b>15,407</b>	<b>27,876</b>	<b>15,407</b>	<b>27,876</b>



# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Selected notes to the condensed interim consolidated financial statements

#### 1. Corporate information

HG Metal Manufacturing Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The registered office and principal place of business of the Company is located at 28 Jalan Buroh, Singapore 619484.

The principal activities of the Company are the business of trading of steel products and investment holding.

The principal activities of the subsidiaries are the business of manufacturing and supply of steel materials to the construction industry.

#### 2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The condensed interim financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The condensed interim financial statements are presented in Singapore Dollars (S\$) which is the Company's functional currency and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

#### 3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except that in the current financial period, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

#### 4. Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 4. Use of judgements and estimates (cont'd)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### *(a) Allowance for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 13.

The carrying amount of trade receivables as at 31 December 2022 was S\$35,323,000 (31 December 2021: S\$37,007,000) respectively.

##### *(b) Allowance for slow-moving and obsolete inventories*

A review of the realisable value of the inventories is performed periodically for slow-moving, obsolete, and inventories which have a decline in net realisable value below cost. An allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future market demand for the products, pricing competitions, environmental regulations requirements and age of the inventories. Possible changes in these estimates could result in revisions to the valuation of inventories.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 4. Use of judgements and estimates (cont'd)

##### *(b) Allowance for slow-moving and obsolete inventories (cont'd)*

The carrying amount of the inventories as at 31 December 2022 was S\$58,851,000 (31 December 2021: S\$45,779,000). Included in the carrying amount of the inventories is an allowance for inventory obsolescence of S\$103,000 (31 December 2021: S\$9,000). There was a write back of inventories amounted to S\$5,000 recognised in cost of sales due to the inventories being sold above the carrying amount in current financial year.

##### *(c) Impairment review of property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The net book value of the Group's property, plant and equipment and right-of-use assets as at 31 December 2022 were S\$21,723,000 and S\$8,195,000 respectively (31 December 2021: S\$31,868,000 and S\$11,460,000).

The Group made impairment of S\$7.8 million on the property, plant and equipment and S\$1.0 million on the ROU assets held by the subsidiary in Myanmar in view of the Group's plan to cease its business operations.

Based on the assessment carried out, there is no indication that the Group's other property, plant and equipment and right-of-use assets may be impaired as at 31 December 2022 except the above mentioned.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 5. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) The trading segment is a supplier of steel products and includes the holding of investments in subsidiaries in the business of steel distribution and provision of industrial steel services.
- (ii) The manufacturing segment produces construction steel products and provides related engineering services.
- (iii) Others include those which do not fall in trading and manufacturing segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**5. Segment information (cont'd)**

	Trading S\$'000	Manufacturing S\$'000	Others S\$'000	Adjustment/ elimination S\$'000	Group S\$'000
<b><u>1 July 2022 to 31 December 2022</u></b>					
<b>Revenue</b>					
Sales to external customers	21,400	50,103	-	-	71,503
Inter-segment sales	18,795	1,099	-	(19,894)	-
Total	40,195	51,202	-	(19,894)	71,503
<b>Results</b>					
Other income	2,567	1,998	42	(3,983)	624
Dividend income	8,011	-	-	(8,011)	-
Government grant income	33	32	-	-	65
Interest income	226	33	8	(150)	117
Gain from disposal property, plant and equipment	51	43	-	(10)	84
Fair value loss from derivatives	(245)	(670)	-	-	(915)
Allowance for inventories obsolescence	(73)	(26)	-	-	(99)
Interest expense	(219)	(1,040)	-	150	(1,109)
Depreciation and amortisation of assets	(1,134)	(933)	(2)	-	(2,069)
Depreciation of right-of-use assets	(192)	(362)	-	-	(554)
Impairment of property, plant and equipment	-	(7,813)	-	-	(7,813)
Impairment of ROU assets	-	(997)	-	-	(997)
Segment profit/(loss)	2,653	(12,275)	(4,166)	839	(12,949)
Income tax expenses					693
Loss for the period					(12,256)
<b>Assets and liabilities</b>					
Additions to non-current assets	526	573	-	(32)	1,067
Segment assets	105,498	107,100	23,037	(77,499)	158,136
Income tax recoverable					139
Total assets					158,275
Segment liabilities	39,048	71,602	9,696	(66,206)	54,140
Tax payable					498
Deferred tax liabilities					574
Total liabilities					55,212

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 5. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>1 July 2021 to 31 December 2021</b>					
<b>Revenue</b>					
Sales to external customers	20,695	53,431	-	-	74,126
Inter-segment sales	17,851	978	-	(18,829)	-
Total	38,546	54,409	-	(18,829)	74,126
<b>Results</b>					
Other income	1,497	1,308	19	(1,626)	1,198
Dividend income	3,788	-	-	(3,788)	-
Government grant income	75	157	-	-	232
Interest income	101	2	6	(38)	71
Bad debts recovered	-	2	-	-	2
Gain/(loss) from disposal property, plant and equipment	380	(1)	-	-	379
Fair value gain/(loss) from derivatives	(101)	(23)	-	-	(124)
Allowance for inventories obsolescence	(6)	-	-	-	(6)
Interest expenses	(46)	(536)	-	39	(543)
Depreciation and amortisation of assets	(542)	(942)	(2)	-	(1,486)
Depreciation of right-of-use assets	(236)	(328)	-	-	(564)
Segment profit/(loss)	3,989	6,235	(75)	(3,725)	6,424
Income tax expense					(562)
Profit for the period					5,862
<b>Assets and liabilities</b>					
Additions to non-current assets	1,025	132	-	(37)	1,120
Segment assets	112,578	115,028	31,787	(87,589)	171,804
Income tax recoverable					128
Total assets					171,932
Segment liabilities	43,878	73,914	6,094	(67,361)	56,525
Tax payable					843
Deferred tax liabilities					478
Total liabilities					57,846

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 5. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>1 January 2022 to 31 December 2022</b>					
<b>Revenue</b>					
Sales to external customers	47,692	110,681	-	-	158,373
Inter-segment sales	34,071	2,275	-	(36,346)	-
Total	81,763	112,956	-	(36,346)	158,373
<b>Results</b>					
Other income	3,841	3,302	63	(5,472)	1,734
Dividend income	8,011	-	-	(8,011)	-
Government grant income	138	186	-	-	324
Interest income	322	39	14	(190)	185
Bad debts recovered	-	1	-	-	1
Gain from disposal property, plant and equipment	58	43	-	(10)	91
Fair value loss from derivatives	(4)	(380)	-	-	(384)
Allowance for inventories obsolescence	(73)	(26)	-	-	(99)
Interest expense	(343)	(1,612)	-	190	(1,765)
Depreciation and amortisation of assets	(1,682)	(1,885)	(5)	-	(3,572)
Depreciation of right-of-use assets	(617)	(703)	-	-	(1,320)
Impairment of property, plant and equipment	-	(7,813)	-	-	(7,813)
Impairment of ROU assets	-	(997)	-	-	(997)
Segment profit/(loss)	3,160	(5,080)	(4,234)	909	(5,245)
Income tax expenses					(530)
Loss for the year					(5,775)
<b>Assets and liabilities</b>					
Additions to non-current assets	774	781	-	(32)	1,523
Segment assets	105,498	107,100	23,037	(77,499)	158,136
Income tax recoverable					139
Total assets					158,275
Segment liabilities	39,048	71,602	9,696	(66,206)	54,140
Tax payable					498
Deferred tax liabilities					574
Total liabilities					55,212

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 5. Segment information (cont'd)

	Trading	Manufacturing	Others	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>1 January 2021 to 31 December 2021</b>					
<b>Revenue</b>					
Sales to external customers	39,723	102,544	-	-	142,267
Inter-segment sales	43,005	1,160	-	(44,165)	-
Total	82,728	103,704	-	(44,165)	142,267
<b>Results</b>					
Other income	2,918	2,681	40	(3,242)	2,397
Dividend income	3,788	-	-	(3,788)	-
Government grant income	179	269	-	-	448
Interest income	253	4	12	(77)	192
Bad debts recovered	-	4	-	-	4
Gain from disposal property, plant and equipment	440	16	-	(2)	454
Fair value gain from derivatives	2	2	-	-	4
Allowance for inventories obsolescence	(6)	-	-	-	(6)
Interest expenses	(126)	(1,016)	-	77	(1,065)
Depreciation and amortisation of assets	(1,132)	(1,856)	(5)	-	(2,993)
Depreciation of right-of-use assets	(473)	(650)	-	-	(1,123)
Segment profit/(loss)	5,340	11,073	(140)	(3,841)	12,432
Income tax expense					(1,262)
Profit for the year					11,170
<b>Assets and liabilities</b>					
Additions to non-current assets	1,446	1,193	-	(72)	2,567
Segment assets	112,578	115,028	31,787	(87,589)	171,804
Income tax recoverable					128
Total assets					171,932
Segment liabilities	43,878	73,914	6,094	(67,361)	56,525
Tax payable					843
Deferred tax liabilities					478
Total liabilities					57,846



# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 5. Segment information (cont'd)

##### *Geographical information*

Non-current assets information presented below comprise property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Singapore S\$'000	Malaysia S\$'000	Indonesia S\$'000	Myanmar S\$'000	Group S\$'000
<b><u>1 January 2022 to 31 December 2022</u></b>					
Sales to external customers	147,971	3,264	1,382	5,756	158,373
Non-current assets	25,320	362	-	4,474	30,156
<b><u>1 January 2021 to 31 December 2021</u></b>					
Sales to external customers	132,726	1,057	1,940	6,544	142,267
Non-current assets	29,592	391	-	13,606	43,589

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 6. Disaggregation of revenue

	<b>Group</b>		
	6 months ended 31 December 2022		
	<b>Trading</b>	<b>Manufacturing</b>	<b>Group</b>
	S\$'000	S\$'000	S\$'000
Sales of goods (at a point in time)	20,308	4,498	24,806
Cut & bend (at a point in time)	-	45,605	45,605
Rental of steel plates (over time)	1,092	-	1,092
Total Revenue	21,400	50,103	71,503

	<b>Group</b>		
	6 months ended 31 December 2021		
	<b>Trading</b>	<b>Manufacturing</b>	<b>Group</b>
	S\$'000	S\$'000	S\$'000
Sales of goods (at a point in time)	19,691	7,381	27,072
Cut & bend (at a point in time)	-	46,050	46,050
Rental of steel plates (over time)	1,004	-	1,004
Total Revenue	20,695	53,431	74,126

	<b>Group</b>		
	12 months ended 31 December 2022		
	<b>Trading</b>	<b>Manufacturing</b>	<b>Group</b>
	S\$'000	S\$'000	S\$'000
Sales of goods (at a point in time)	45,524	13,544	59,068
Cut & bend (at a point in time)	-	97,137	97,137
Rental of steel plates (over time)	2,168	-	2,168
Total Revenue	47,692	110,681	158,373

	<b>Group</b>		
	12 months ended 31 December 2021		
	<b>Trading</b>	<b>Manufacturing</b>	<b>Group</b>
	S\$'000	S\$'000	S\$'000
Sales of goods (at a point in time)	37,688	14,036	51,724
Cut & bend (at a point in time)	-	88,508	88,508
Rental of steel plates (over time)	2,035	-	2,035
Total Revenue	39,723	102,544	142,267

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 6. Disaggregation of revenue (cont'd)

A breakdown of sales:

	<b>Group</b>		
	12 months ended 31 December 2022	12 months ended 31 December 2021	
	S\$'000	S\$'000	(+/-)
<b>First Half</b>			
Sales reported for first half year	86,870	68,141	27
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	6,481	5,308	22
<b>Second Half</b>			
Sales reported for remaining period	71,503	74,126	(4)
Operating profit after tax before deducting non-controlling interests reported for remaining period	(12,256)	5,862	nm*

\*nm denotes not meaningful

#### 7. Profit before income tax

	<b>Group</b>		<b>Group</b>	
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
(Loss)/profit before tax is arrived at after crediting/(charging) the following:	S\$'000	S\$'000	S\$'000	S\$'000
Bad debts recovered	-	2	1	4
Depreciation of property, plant and equipment	(2,053)	(1,472)	(3,540)	(2,971)
Depreciation of right-of-use assets	(554)	(564)	(1,320)	(1,123)
Amortisation of intangible assets	(16)	(14)	(32)	(22)
Gain on disposal of property, plant and equipment	84	379	91	455
Gain/(loss) on modification of lease	336	(3)	336	-
Write-off of property, plant and equipment	(1)	-	(5)	-
Impairment loss on financial assets	(1,041)	(2,429)	(1,212)	(3,485)
Fair value (loss)/gain on derivatives, net	(915)	(125)	(384)	3
Foreign exchange loss, net	133	7	(88)	(390)
Interest income	117	71	185	192
Finance costs	(1,109)	(543)	(1,765)	(1,065)
Impairment of property, plant and equipment	(7,813)	-	(7,813)	-
Impairment of ROU assets	(997)	-	(997)	-
Allowance for inventories obsolescence	(99)	(6)	(99)	(6)

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**8. Related companies and related parties transactions**

The following are significant transactions between the Company and its related companies on rates and terms agreed between the parties during the financial year:

	<b>Company</b>	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	S\$'000	S\$'000
<i>With subsidiaries</i>		
Sales	34,071	43,005
Purchase	-	(52)
Dividend income	8,011	3,788
Management fee income	1,580	-
Interest income	190	77
Other income	865	560
Rental expenses	(779)	(939)

	<b>Group</b>		<b>Company</b>	
	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<i>With companies related to directors of the Company</i>				
Sales	5	63	5	63
Other charges	(17)	-	(9)	-

**9. Income tax expenses**

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidate statement of profit or loss are:

	<b>Group</b>			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax (credit)/expenses	(612)	595	493	841
Deferred income tax expenses relating to origination and reversal of temporary differences	(22)	(33)	96	421
Over-provision in respect of prior year	(59)	-	(59)	-
	(693)	562	530	1,262

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 10. Earnings per shares

	<b>Group</b>			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
Earnings per ordinary shares:				
(a) Basic (cents)	(5.54)	4.96	(0.42)	9.48
(b) Diluted (cents)	(5.54)	4.96	(0.42)	9.48

- (a) Earnings per share were calculated based on weighted average number of shares of 125,375,785 and 127,202,077 for the six months ended 31 December 2022 and for the six months 31 December 2021 respectively.
- (b) Earnings per share were calculated based on weighted average number of shares of 125,375,785 and 127,309,906 for the financial year ended 31 December 2022 and for the financial year ended 31 December 2021 respectively.
- (c) Diluted earnings per share were calculated based on adjusted weighted average number of shares during the period.

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

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**11. Property, plant and equipment and right-of-use assets**

	<b>Group</b>									
	Freehold land	Buildings	Leasehold	Plant and	Furniture and	Office	Renovation	Motor vehicles	Construction in	Total
	SS'000	SS'000	buildings	machinery	fittings	equipment	SS'000	SS'000	progress	SS'000
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
<b>Cost</b>										
At 30 June 2022	189	10,323	28,554	20,970	358	665	372	2,552	-	63,983
Additions	-	-	-	452	-	9	-	105	347	913
Disposal and write-off	-	-	(9,172)	(940)	(37)	(125)	(302)	(135)	-	(10,711)
Reclassifications	-	-	-	345	-	2	-	-	(347)	-
Exchange difference	(7)	(378)	-	(68)	-	(2)	-	(5)	-	(460)
At 31 December 2022	182	9,945	19,382	20,759	321	549	70	2,517	-	53,725
<b>Accumulated depreciation</b>										
At 30 June 2022	-	717	16,414	12,740	305	556	315	2,058	-	33,105
charge for the period	-	103	1,161	701	8	20	7	53	-	2,053
Disposal and write-off	-	-	(9,172)	(927)	(37)	(125)	(302)	(135)	-	(10,698)
Impairment	-	6,944	-	869	-	-	-	-	-	7,813
Exchange difference	-	(218)	-	(49)	-	(1)	-	(3)	-	(271)
At 31 December 2022	-	7,546	8,403	13,334	276	450	20	1,973	-	32,002
<b>Net carrying amount</b>										
At 30 June 2022	189	9,606	12,140	8,230	53	109	57	494	-	30,878
At 31 December 2022	182	2,399	10,979	7,425	45	99	50	544	-	21,723

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**11. Property, plant and equipment and right-of-use assets (cont'd)**

	<b>Group</b>									
	Freehold land S\$'000	Buildings S\$'000	Leasehold buildings S\$'000	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Construction in progress S\$'000	Total S\$'000
<b>Cost</b>										
At 31 December 2021	194	10,032	28,554	20,915	340	634	358	2,473	23	63,523
Additions	-	-	-	456	4	41	-	251	352	1,104
Disposal and write-off	-	-	(9,172)	(944)	(37)	(127)	(302)	(206)	-	(10,788)
Reclassifications	-	-	-	345	14	2	14	-	(375)	-
Exchange difference	(12)	(87)	-	(13)	-	(1)	-	(1)	-	(114)
At 31 December 2022	182	9,945	19,382	20,759	321	549	70	2,517	-	53,725
<b>Accumulated depreciation</b>										
At 31 December 2021	-	599	15,867	12,005	277	528	309	2,070	-	31,655
charge for the period	-	205	1,708	1,422	36	49	13	107	-	3,540
Disposal and write-off	-	-	(9,172)	(929)	(37)	(126)	(302)	(203)	-	(10,769)
Impairment	-	6,944	-	869	-	-	-	-	-	7,813
Exchange difference	-	(202)	-	(33)	-	(1)	-	(1)	-	(237)
At 31 December 2022	-	7,546	8,403	13,334	276	450	20	1,973	-	32,002
<b>Net carrying amount</b>										
At 31 December 2021	194	9,433	12,687	8,910	63	106	49	403	23	31,868
At 31 December 2022	182	2,399	10,979	7,425	45	99	50	544	-	21,723

During the financial year ended 31 December 2022, the Group acquired property, plant and equipment as well as right-of-use assets with aggregate cost S\$1,514,000 (31 December 2021: S\$2,402,000). The Group disposed property, plant and equipment for S\$106,000 (31 December 2021: S\$812,000).

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 11. Property, plant and equipment and right-of-use assets (cont'd)

	Company						
	Lease hold buildings S\$'000	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	Total S\$'000
<b>Cost</b>							
At 30 June 2022	9,172	9,125	301	408	358	2,262	21,626
Additions	-	412	-	8	-	105	525
Disposal and write-off	(9,172)	(545)	(37)	(49)	(302)	(135)	(10,240)
At 31 December 2022	-	8,992	264	367	56	2,232	11,911
<b>Accumulated depreciation</b>							
At 30 June 2022	8,342	5,461	284	365	315	1,895	16,662
charge for the period	830	243	3	11	5	40	1,132
Disposal and write-off	(9,172)	(517)	(37)	(49)	(302)	(135)	(10,212)
At 31 December 2022	-	5,187	250	327	18	1,800	7,582
<b>Net carrying amount</b>							
At 30 June 2022	830	3,664	17	43	43	367	4,964
At 31 December 2022	-	3,805	14	40	38	432	4,329



# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 11. Property, plant and equipment and right-of-use assets (cont'd)

	<b>Company</b>						Total S\$'000
	Lease hold buildings S\$'000	Plant and machinery S\$'000	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Motor vehicles S\$'000	
<b>Cost</b>							
At 31 December 2021	9,172	9,129	301	392	358	2,187	21,539
Additions	-	412	-	26	-	251	689
Disposal and write-off	(9,172)	(549)	(37)	(51)	(302)	(206)	(10,317)
At 31 December 2022	-	8,992	264	367	56	2,232	11,911
<b>Accumulated depreciation</b>							
At 31 December 2021	8,126	5,225	261	346	309	1,921	16,188
charge for the period	1,046	481	26	31	11	82	1,677
Disposal and write-off	(9,172)	(519)	(37)	(50)	(302)	(203)	(10,283)
At 31 December 2022	-	5,187	250	327	18	1,800	7,582
<b>Net carrying amount</b>							
At 31 December 2021	1,046	3,904	40	46	49	266	5,351
At 31 December 2022	-	3,805	14	40	38	432	4,329

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**12. Intangible assets**

	<b>Group</b>		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
<b>Cost</b>			
At 30 June 2022	1,148	143	1,291
Additions	-	-	-
Exchange difference	(4)	-	(4)
At 31 December 2022	<u>1,144</u>	<u>143</u>	<u>1,287</u>
<b>Accumulated amortisation</b>			
At 30 June 2022	1,035	-	1,035
Amortisation	16	-	16
Exchange difference	(2)	-	(2)
At 31 December 2022	<u>1,049</u>	<u>-</u>	<u>1,049</u>
<b>Net carrying amount</b>			
At 30 June 2022	<u>113</u>	<u>143</u>	<u>256</u>
At 31 December 2022	<u>95</u>	<u>143</u>	<u>238</u>

	<b>Company</b>		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
<b>Cost</b>			
At 30 June 2021 and 31 December 2021	922	143	1,065
Additions	-	-	-
At 31 December 2022	<u>922</u>	<u>143</u>	<u>1,065</u>
<b>Accumulated amortisation</b>			
At 30 June 2022	918	-	918
Amortisation	2	-	2
At 31 December 2022	<u>920</u>	<u>-</u>	<u>920</u>
<b>Net carrying amount</b>			
At 30 June 2022	<u>4</u>	<u>143</u>	<u>147</u>
At 31 December 2022	<u>2</u>	<u>143</u>	<u>145</u>

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**12. Intangible assets (cont'd)**

	<b>Group</b>		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
<b>Cost</b>			
At 31 December 2021	1,136	143	1,279
Additions	9	-	9
Exchange difference	(1)	-	(1)
At 31 December 2022	<u>1,144</u>	<u>143</u>	<u>1,287</u>
<b>Accumulated amortisation</b>			
At 31 December 2021	1,018	-	1,018
Amortisation	32	-	32
Exchange difference	(1)	-	(1)
At 31 December 2022	<u>1,049</u>	<u>-</u>	<u>1,049</u>
<b>Net carrying amount</b>			
At 31 December 2021	118	143	261
At 31 December 2022	<u>95</u>	<u>143</u>	<u>238</u>

	<b>Company</b>		
	Computer software S\$'000	Club membership S\$'000	Total S\$'000
<b>Cost</b>			
At 31 December 2021	919	143	1,062
Additions	3	-	3
At 31 December 2022	<u>922</u>	<u>143</u>	<u>1,065</u>
<b>Accumulated amortisation</b>			
At 31 December 2021	916	-	916
Amortisation	4	-	4
At 31 December 2022	<u>920</u>	<u>-</u>	<u>920</u>
<b>Net carrying amount</b>			
At 31 December 2021	3	143	146
At 31 December 2022	<u>2</u>	<u>143</u>	<u>145</u>

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 13. Trade and other receivables

	<u>Group</u>	
	<u>31 December 2022</u>	<u>31 December 2021</u>
	S\$'000	S\$'000
Trade receivables	39,576	42,643
Allowance for expected credit loss	(4,253)	(5,636)
	<u>35,323</u>	<u>37,007</u>
Other receivables	1,286	528
Allowance for expected credit loss	(31)	(24)
	<u>36,578</u>	<u>37,511</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

#### Expected credit losses

Receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

#### Movement in allowance accounts (trade receivables)

	<u>Group</u>	
	<u>12 months ended</u>	<u>12 months ended</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>
	S\$'000	S\$'000
At beginning of the period	5,636	2,203
Allowance for expected credit loss	1,203	3,461
Write off during the period	(2,534)	(31)
Translation difference	(52)	3
At end of period	<u>4,253</u>	<u>5,636</u>

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 13. Trade and other receivables (cont'd)

##### Movement in allowance accounts (other receivables)

	<u>Group</u>	
	<u>12 months ended 31 December 2022</u>	<u>12 months ended 31 December 2021</u>
	<u>S\$'000</u>	<u>S\$'000</u>
At beginning of the period	24	59
Allowance for expected credit loss	9	24
Translation difference	(2)	(59)
At end of period	<u>31</u>	<u>24</u>

The Group has determined an allowance for expected credit losses of S\$1,212,000 for the current financial year ended 31 December 2022. The allowance made relates mainly to amounts owing by customers in Myanmar.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 13. Trade and other receivables (cont'd)

##### Credit risk of trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by geographical region:

	Trade receivables					
	Less than 3 months past due	3 months to 6 months past due	6 months to 12 months past due	More than 12 months past due	Total	
	Current S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>Singapore:</b>						
<b>31 December 2022</b>						
Gross amount	14,847	18,887	572	515	1,395	36,216
Loss allowance provision	(15)	(56)	(14)	(133)	(1,392)	(1,610)
	<u>14,832</u>	<u>18,831</u>	<u>558</u>	<u>382</u>	<u>3</u>	<u>34,606</u>
<b>31 December 2021</b>						
Gross amount	19,583	13,102	965	224	1,394	35,268
Loss allowance provision	(14)	(38)	(15)	(4)	(1,313)	(1,384)
	<u>19,569</u>	<u>13,064</u>	<u>950</u>	<u>220</u>	<u>81</u>	<u>33,884</u>
<b>Other geographical areas:</b>						
<b>31 December 2022</b>						
Gross amount	70	345	-	-	2,945	3,360
Loss allowance provision	-	(2)	-	-	(2,641)	(2,643)
	<u>70</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>717</u>
<b>31 December 2021</b>						
Gross amount	173	621	-	631	5,950	7,375
Loss allowance provision	-	(1)	-	(260)	(3,991)	(4,252)
	<u>173</u>	<u>620</u>	<u>-</u>	<u>371</u>	<u>1,959</u>	<u>3,123</u>

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 13. Trade and other receivables (cont'd)

##### Credit risk of concentration profiles

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables at the end of the reporting period is as follows:

	Group	
	31 December 2022	31 December 2021
	S\$'000	S\$'000
<b>By country:</b>		
Indonesia	219	186
Malaysia	195	608
Myanmar	303	2,329
Singapore	34,606	33,884
	<u>35,323</u>	<u>37,007</u>
<b>By industry sectors:</b>		
Trading	390	353
Construction	34,202	36,090
Others	731	564
	<u>35,323</u>	<u>37,007</u>

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**14. Financial instruments**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021.

	<b>Group</b>		<b>Company</b>	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets at amortised cost</b>				
Trade and other receivables	35,638	37,450	43,915	46,477
Bank balances and fixed deposits	24,423	35,911	12,923	15,536
Investment securities	7,671	8,798	7,671	8,798
<b>Total financial assets at amortised cost</b>	<b>67,732</b>	<b>82,159</b>	<b>64,509</b>	<b>70,811</b>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	10,682	19,770	28,595	32,752
Lease liabilities	5,853	7,305	219	1,491
Bank borrowings	35,177	24,903	9,191	7,027
<b>Total financial liabilities at amortised cost</b>	<b>51,712</b>	<b>51,978</b>	<b>38,005</b>	<b>41,270</b>
<b>Financial liabilities at fair value through profit and loss</b>				
Derivative financial instruments	423	39	38	34
<b>Total financial liabilities at fair value through profit and loss</b>	<b>423</b>	<b>39</b>	<b>38</b>	<b>34</b>



# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 15. Financial instruments carried on fair value

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

-Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

-Level 2 -Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

-Level 3 -Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between the levels of fair value measurements during the financial period.

	<b>Group</b>			
	31 December 2022			
	Quoted prices in active market for identical assets (level 1) S\$'000	Significant observable inputs other than quoted (Level 2) S\$'000	Unobservable inputs for the asset or liability (Level 3) S\$'000	Total fair value S\$'000
<b>Liabilities</b>				
Derivative financial instruments				
- Forward Currency contracts	-	(423)	-	(423)
	-	(423)	-	(423)

	<b>Group</b>			
	31 December 2021			
	Quoted prices in active market for identical assets (level 1) S\$'000	Significant observable inputs other than quoted (Level 2) S\$'000	Unobservable inputs for the asset or liability (Level 3) S\$'000	Total fair value S\$'000
<b>Liabilities</b>				
Derivative financial instruments				
- Forward Currency contracts	-	(39)	-	(39)
	-	(39)	-	(39)

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

**Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

**Selected notes to the condensed interim consolidated financial statements (cont'd)**

**16. Borrowings**

	<b>Group</b>				<b>Company</b>			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	Secured*	Lease liabilities	Secured*	Lease liabilities	Secured*	Lease liabilities	Secured*	Lease liabilities
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Repayable within one year	23,621	600	9,892	1,033	8,425	155	5,860	586
Repayable after one year	11,556	5,253	15,011	6,272	766	64	1,167	905
<b>Total</b>	<b>35,177</b>	<b>5,853</b>	<b>24,903</b>	<b>7,305</b>	<b>9,191</b>	<b>219</b>	<b>7,027</b>	<b>1,491</b>

\*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.

**17. Share capital and treasury shares**

**17.1 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.**

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 17. Share capital and treasury shares (cont'd)

	31 December 2022	31 December 2021
	S\$'000	S\$'000
Share capital	70,496	70,496

	31 December 2022	31 December 2021
Total number of issued shares	130,611,365	130,611,365
Treasury shares	(5,314,330)	(4,317,030)
Total number of issued shares excluding treasury shares	125,297,035	126,294,335

	31 December 2022	31 December 2021
Number of issued shares (excluding treasury shares)	125,297,035	126,294,335
Number of treasury shares	5,314,330	4,317,030
Percentage of number of treasury shares against the total number of issued shares (excluding treasury shares and subsidiary holdings)	4.24%	3.42%

The Company did not hold any options, convertibles or subsidiary holdings as at 31 December 2022 and 31 December 2021.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

### Selected notes to the condensed interim consolidated financial statements (cont'd)

#### 17. Share capital and treasury shares (cont'd)

17.2 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 2022	31 December 2021
	S\$'000	S\$'000
Share capital	70,496	70,496

	31 December 2022	31 December 2021
Total number of issued shares	130,611,365	130,611,365
Treasury shares	(5,314,330)	(4,317,030)
Total number of issued shares excluding treasury shares	125,297,035	126,294,335

There was no sale, transfer, disposal, cancellation and use of treasury shares during the current financial period ended 31 December 2022.

#### 18. Dividends

	Group	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	S\$'000	S\$'000
Ordinary dividend paid:		
Final dividend in respect of the financial year ended 31 December 2021 and 31 December 2020, approved and paid during respective financial year,		
S\$0.040 per ordinary share (2020: S\$0.005 per ordinary share)	5,012	637

#### 19. Net asset value

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Net asset value per ordinary share (S\$)	0.84	0.88	0.53	0.54

# **HG METAL MANUFACTURING LIMITED**

(Company Registration No. 198802660D)

## **Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022**

---

### **Selected notes to the condensed interim consolidated financial statements (cont'd)**

**20. Seasonality of operations**

The Group's businesses are not significantly affected by seasonal or cyclical factor during the current financial year ended 31 December 2022.

**21. Subsequent events**

On 7 February 2023, the Group announced its plan to cease the business operations of its the subsidiary in Myanmar in view that the economic conditions of Myanmar is not expected to improve in the near future, especially after the Financial Action Task Force ("FATF") moved to place Myanmar on its blacklist of countries since October 2022.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2

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

The condensed consolidated statement of financial position of HG Metal Manufacturing Limited and its subsidiaries as at 31 December 2022 and related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month and twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

**23. 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.**

**Financial performance of the Group (2H2022 vs 2H2021)**

**Revenue and Gross Profit**

The Group recorded revenue of S\$71.5 million in 2H2022 as compared to S\$74.1 million in 2H2021, representing a small decrease of 4%. The overall gross profit margin for 2H2022 declined to 8.1% from 20.5% in 2H2021 mainly due to higher average cost of material on hand and declining market selling price. A sudden surge in international steel price during 1Q2022 due to the Russian special military operation in Ukraine and subsequent sharp correction in steel price amidst inflationary pressures and concerns about weaker global economy outlook affected the business margin negatively. As a result, the Group's gross profit dropped to S\$5.8 million in 2H2022 compared to S\$15.2 million in 2H2021.

**Other Operating Income**

Other operating income decreased from S\$1.8 million in 2H2021 to S\$0.9 million in 2H2022. This was mainly due to reduction in government grant income of S\$0.1 million and lower warehouse and rental income of S\$0.8 million due to reduced warehousing space as the Group is in the process of restoring the leased land at 30 Jalan Buroh, Singapore 619486 to JTC .

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

The Group's selling and distribution expenses in 2H2022 was slightly higher than 2H2021 mainly due to more out-sourced logistic services.

Administrative expenses decreased by 16% to S\$4.7 million in 2H2022 from S\$5.6 million in 2H2021. This was mainly resulted from reduction in salary cost of S\$0.8 million and savings in utilities costs of S\$0.2 million, derived from use of solar energy and lower utilization due to reduced warehouse space. The costs reduction were partially offset by increase in professional fee of S\$0.1 million.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2 (cont'd)

Other operating expenses rose to S\$3.7 million in 2H2022 from S\$1.8 million in 2H2021. This is mainly due to an S\$0.7 million increase in depreciation expenses for the Group's property, plant and equipment and ROU assets while rental expenses and loss on fair value of forward currency contracts increased by S\$0.3 million and S\$0.9 million respectively.

Total finance costs incurred in 2H2022 was S\$1.1 million in comparison with S\$0.5 million in 2H2021. This was mainly due to increase in interest expenses incurred on trade financing of inventory purchase and higher interest rates charged by financial institutions.

Impairment loss on non-financial assets was for a one-off impairment provision of S\$8.8 million in relation to property, plant and equipment and ROU assets held by a subsidiary in Myanmar in view of the Group's plan to cease its business operations.

The Group recorded an impairment loss on financial assets of S\$1.0 mil in 2H2022 as compared to S\$2.4 mil in 2H2021. The impairment mainly relates to amounts owing by customers in Myanmar.

#### Profitability

The Group recorded a net loss after tax of S\$12.3 million in 2H2022, compared to a net profit after tax of S\$5.9 million in 2H2021 mainly due to the impairment of assets held by a subsidiary in Myanmar as mentioned above.

#### Results for FY2022 versus FY2021

##### Revenue and Gross Profit

The Group delivered revenue of S\$158.4 million in FY2022, up by 11% compared to revenue of S\$142.3 million in FY2021. The overall gross profit margin for FY2022 declined to 13.4% from 20.5% in FY2021 mainly due to higher average cost of material on hand and decline in market selling price in tandem with fall in international steel prices.

The Group recorded lower gross profit of S\$21.2 million in FY2022 as compared to S\$29.2 million in 2H2022.

##### Other Operating Income

Other operating income declined to S\$2.3 million in FY2022 from S\$3.5 million in FY2021. This was mainly due to reduction in warehouse and rental income of S\$1.1 million following the restoration of the property at 30 Jalan Buroh, Singapore 619486 for surrendering of the said leased land to JTC and reduced government grant income of S\$0.1 million.

##### Selling and distribution, Administrative, Other Operating and Finance Costs

Total selling and distribution costs incurred in FY2022 was 8% lower than FY2021, the saving resulted from less out-sourced logistic services in tandem with a 3% reduction in sales volume FY2022.

There was no significant change in total administrative expenses incurred in FY2022 compared to prior year.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2 (cont'd)

Other operating expenses increased to S\$5.6 million in FY2022 from S\$4.1 million in FY2021. This was due to S\$0.8 million increase in depreciation expenses on property, plant and equipment and ROU assets, mainly in relation to the leased land that will be surrendered to JTC. In addition, rental expenses and loss on fair value of forward currency contracts increased by S\$0.3 million and S\$0.4 million respectively.

Total finance costs incurred in FY2022 was S\$1.8 million in comparison with S\$1.1 million in FY2021. The increase in finance costs mainly related to trade financing due to increase in interest rates charged by financial institutions and higher purchases volume.

The Group recorded a one-off impairment loss on non-financial assets of S\$8.8 million in relation to the property, plant and equipment and ROU assets held by a subsidiary in Myanmar due to the plan to cease its business operations in Myanmar.

The Group recorded an impairment loss on financial assets of S\$1.2 mil in FY2022 as compared to S\$3.5 mil in 2H2021, mainly in relation to amounts owing by customers in Myanmar.

#### **Profitability**

The Group recorded a net loss after tax of S\$5.8 million in FY2022 as compared to a net profit after tax of S\$11.2 million in FY2021, mainly due to a one-off impairment of assets held by a subsidiary in Myanmar.

#### **Balance Sheet**

The Group's non-current assets decreased to S\$34.1 million as at 31 December 2022 compared to S\$51.3 million as at 31 December 2021, mainly due to impairment of S\$7.8 million on property, plant and equipment and S\$1.0 million on ROU assets held by a subsidiary in Myanmar, reclassification of investment securities of S\$3.8 million to current assets as those investment securities will mature in one year time.

Total current assets as at 31 December 2022 increased marginally to S\$124.2 million from S\$120.7 million as at 31 December 2021 mainly due to increase in inventories, investment securities and deposits pledged with banks, partially offset by reduction in cash and cash equivalents.

Total liabilities decreased to S\$55.2 million as at 31 December 2022 as compared to S\$57.8 million as at 31 December 2021. This was mainly due to decrease in trade and other payables and provision for property reinstatement cost, and offset by increase in bank borrowings.

As at 31 December 2022, the Group's inventory on hand increased to S\$58.9 million from S\$45.8 million as at 31 December 2021. This was attributed to stock replenishment to support future sales activities and higher average cost of material.

Trade and other receivables amounted to S\$36.6 million as at 31 December 2022 was comparable to S\$37.5 million as at 31 December 2021.

Trade and other payables decreased to S\$11.5 million as at 31 December 2022 from S\$21.5 million as at 31 December 2021 due to payment made to the suppliers.

Bank borrowings increased to S\$35.2 million as at 31 December 2022 from S\$24.9 million as at 31 December 2021 mainly due to increase in volume of trade financing for stock purchases.



# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2 (cont'd)

#### Statement of Cash Flows

##### Second half year

The net cash flows used in operating activities was S\$5.1 million in 2H2022 mainly due to loss from operations and increase in net working capital.

Net cash flows used in investing activities for 2H2022 were S\$0.5 million mainly for purchase of property, plant and equipment.

Net cash flows used in financing activities for 2H2022 was S\$4.9 million, mainly due to net repayment of S\$4.3 million in bank borrowings and repayment of lease of S\$0.6 million.

##### Full year

The net cash flows used in operating activities was S\$15.7 million in FY2022 mainly due to loss from operations and increase in net working capital.

Net cash flows used in investing activities for FY2022 was S\$1.5 million. The net cash used in investing activities in FY2022 was mainly used to pledge fixed deposit of S\$1.8 million with banks, purchase property, plant and equipment and intangible assets of S\$0.8 million, partially offset by proceeds from maturity of investment securities of S\$1.0 million.

Net cash flows generated from financing activities for FY2022 was S\$4.5 million, mainly due to net proceeds of S\$11.1 million from bank borrowings which were offset by repayment of lease of S\$1.1 million, share buy-back of S\$0.4 million and dividend payment of S\$5.0 million.

The Group's cash and cash equivalents was S\$15.4 million as at 31 December 2022 in comparison to S\$27.9 million as at 31 December 2021.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2 (cont'd)

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

The Group's financial results for financial year ended 31 December 2022 is in line with the Group's announcement on 7 Feb 2023.

**25. 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**

On 7 February 2023, the Group announced its intention to cease its business operations in Myanmar. The Myanmar entity is facing various business sustainability concerns, notably:-

- i) In October 2022, The Financial Action Task Force (“FATF”) has added Myanmar to the list of “High-risk jurisdiction subject to a Call for Action”. Investment flows and business transactions will be negatively impacted by the added scrutiny required for entities dealing with Myanmar;
- ii) Myanmar's economy has been struggling from the effects of the COVID-19 pandemic, high inflation, and the imposition of Western sanctions following the 2021 military coup. In view of heightened risk, many foreign companies have since suspended business operations or pulled out from Myanmar.

With the one-time impairment on Myanmar operations in FY2022, any future events to be occurred in FY2023 will have little impact on the Group.

The Singapore economy grew by 3.6% in 2022, as compared to the 7.6% growth in 2021. The economic growth is projected to moderate to between 0.5% to 2.5% in 2023 amid expected global slowdown, rising interest rates and persistent inflation pressure.

The Building and Construction Authority (“BCA”) expects Singapore's construction demands to remain stable in 2023, driven by the public sector, with Build-To-Order (“BTO”) flats, MRT lines and water treatment plants in the pipeline. The value of construction contracts to be awarded in 2023 is projected to range between S\$27 billion and S\$32 billion. This is similar to the value of construction projects awarded in 2022, which valued at S\$29.8 billion based on preliminary figure.

The steel industry in Singapore is expected to remain competitive and challenging. The sharp fall in global steel prices during the second half of 2022 had led to margin compression amidst higher material cost on hand and increased competition. While there are signs of steel prices recovering recently, the issue of margin compression will continue to be felt in 2023 as time is needed to run down the steel inventory. Also, the fluctuation in steel prices and slower economy will intensify competition while lowering demand as customers tend to be cautious in purchasing during challenging and uncertain time.

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2 (cont'd)

In light of the above, the Group will focus its sales and marketing efforts to generate revenue and seek growth opportunities. The Group will put in every effort to optimise the inventory and cost management.

#### 26. Dividend

##### (a) Current financial period reported on

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

Yes, the Board has recommended a final dividend in respect of FY2022 as follows:

Name of dividend	Final dividend
Dividend type	Cash
Dividend rate	S\$0.025 per ordinary share
Tax Rate	Tax exempt (one-tier)

This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for shareholders' approval at the next Annual General Meeting of the Company to be convened in 2023.

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

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

Final tax-exempt (one-tier) dividend of S\$0.04 Singapore dollars per ordinary share for the financial year ended 31 December 2021 was declared and approved in the annual general meeting held on 28 April 2022.

##### (c) Date payable

To be announced later.

##### (d) Books closure date

To be announced later.

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

Not applicable

# HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

## Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

---

### Other information required by Listing Rule Appendix 7.2 (cont'd)

**28. 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 year ended 31 December 2022 pursuant to Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**29. 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.

**30. 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 unaudited financial results for the year ended 31 December 2022 to be false or misleading in any material respect.

**31. 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

**32. 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 financial year ended 31 December 2022.

**On behalf of the Board,**

**Foo Sey Liang**

**Director**

**21 February 2023**