



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

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2022**

The Board of Directors of HG Metal Manufacturing Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement of the unaudited financial statements (the “**Unaudited Financial Statements**”) for the financial year ended 31 December 2022 (“**FY2022**”) released by the Company on 21 February 2023.

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements for FY2022, certain reclassifications were made following the finalisation of the audited financial statements for FY2022 (the “**Audited Financial Statements**”).

The details and explanations of the variances between the Audited financial statements and the Unaudited Financial Statements for FY2022 are set out in **Appendix A** as annexed hereto.

Shareholders of the Company are advised to read this announcement in conjunction with the Audited Financial Statements that forms part of the annual report of the Company for FY2022 which is released by the Company in a separate announcement on 3 April 2023.

By Order of the Board

Foo Sey Liang
Executive Director

3 April 2023

Appendix A

HG METAL MANUFACTURING LIMITED AND ITS SUBSIDIARIES EXTRACT OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Group		Company		Group	Company	Note
	(Audited Financial Statements)	(Unaudited Financial Statements)	(Audited Financial Statements)	(Unaudited Financial Statements)	Variance	Variance	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Non-current assets							
Property, plant and equipment	21,723	21,723	4,329	4,329	-	-	
Right-of-use assets	8,195	8,195	176	176	-	-	
Intangible assets	238	238	145	145	-	-	
Investment in subsidiaries	-	-	13,028	13,028	-	-	
Investment securities	3,810	3,810	3,810	3,810	-	-	
Fixed deposits pledged with banks	2,500	-	2,500	-	2,500	2,500	A
Restricted deposits	142	142	-	-	-	-	
	<u>36,608</u>	<u>34,108</u>	<u>23,988</u>	<u>21,488</u>	<u>2,500</u>	<u>2,500</u>	
Current assets							
Investment securities	3,861	3,861	3,861	3,861	-	-	
Cash and cash equivalents	15,407	15,407	7,923	7,923	-	-	
Fixed deposits pledged with banks	6,516	9,016	2,500	5,000	(2,500)	(2,500)	A
Inventories	58,851	58,851	23,030	23,030	-	-	
Trade and other receivables	36,578	36,578	44,062	44,062	-	-	
Income tax recoverable	139	139	-	-	-	-	
Prepaid expenses	315	315	132	132	-	-	
	<u>121,667</u>	<u>124,167</u>	<u>81,508</u>	<u>84,008</u>	<u>(2,500)</u>	<u>(2,500)</u>	
Total assets	<u>158,275</u>	<u>158,275</u>	<u>105,496</u>	<u>105,496</u>	<u>-</u>	<u>-</u>	
Current liabilities							
Lease liabilities	600	600	155	155	-	-	
Trade and other payables	11,474	11,474	29,359	29,359	-	-	
Bank borrowings	23,621	23,621	8,425	8,425	-	-	
Provision for income tax	498	498	-	-	-	-	
Provision for reinstatement costs	241	241	241	241	-	-	
Derivative financial instruments*	423	423	38	38	-	-	
	<u>36,857</u>	<u>36,857</u>	<u>38,218</u>	<u>38,218</u>	<u>-</u>	<u>-</u>	
Net current assets	<u>84,810</u>	<u>87,310</u>	<u>43,290</u>	<u>45,790</u>	<u>(2,500)</u>	<u>(2,500)</u>	

Note :

A : Reclassification of fixed deposit pledged with bank of 24 months terms from current assets to non-current assets.

HG METAL MANUFACTURING LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	<u>Group</u>		<u>Variance</u>	<u>Note</u>
	(Audited Financial Statements) S\$'000	(Unaudited Financial Statements) S\$'000		
Cash flows from operating activities				
Loss profit before income tax	(5,245)	(5,245)	-	
Adjustments for:			-	
Bad debts recovered	(1)	(1)	-	
Depreciation of property, plant and equipment	3,540	3,540	-	
Depreciation of right-of-use assets	1,320	1,320	-	
Amortisation of intangible assets	32	32	-	
Gain on disposal of property, plant and equipment	(91)	(91)	-	
(Gain)/loss on modification of lease	(336)	(336)	-	
Write-off of property, plant and equipment	5	5	-	
Impairment of property, plant and equipment	7,813	7,813	-	
Impairment of ROU assets	997	997	-	
Allowance for inventories obsolescence	99	99	-	
Impairment loss on financial assets	1,212	1,212	-	
Fair value loss/(gain) on derivatives, net	384	384	-	
Finance costs	1,765	1,765	-	
Interest income	(185)	(185)	-	
Unrealised foreign exchange loss/(gain), net	(226)	(1,011)	785	B
Operating cash flow before changes in working capital	11,083	10,298	785	
Working capital changes:				
Restricted deposits	642	-	642	C
Inventories	(13,583)	(13,583)	-	
Trade and other receivables	(207)	435	(642)	C
Prepaid expenses	(99)	(99)	-	
Trade and other payables	(10,703)	(10,851)	148	D
Cash used in operations	(12,867)	(13,800)	933	
Interest expense paid	(1,561)	(1,413)	(148)	D
Interest income received	269	269	-	
Income tax paid	(779)	(779)	-	
Net cash flows used in operating activities	(14,938)	(15,723)	785	
Cash flows from investing activities				
Fixed deposit pledged with banks	(1,765)	(1,765)	-	
Proceeds from disposal of property, plant and equipment	27	27	-	
Proceeds from maturity of investment securities	1,000	1,000	-	
Purchase of property, plant and equipment	(796)	(796)	-	
Purchase of intangible assets	(9)	(9)	-	
Net cash flows used in investing activities	(1,543)	(1,543)	-	
Cash flows from financing activities				
Purchase of treasury shares	(398)	(398)	-	
Dividends paid on ordinary shares of the Company	(5,012)	(5,012)	-	
Proceeds from bank borrowings	112,774	112,774	-	
Repayment of bank borrowings	(102,469)	(101,684)	(785)	B
Principal element of lease payments	(1,134)	(1,134)	-	
Net cash flows generated from financing activities	3,761	4,546	(785)	
Net decrease in cash and cash equivalents	(12,720)	(12,720)	-	
Effects on exchange rate changes on cash and cash equivalents	251	251	-	
Cash and cash equivalents at beginning of financial year	27,876	27,876	-	
Cash and cash equivalents at end of financial year	15,407	15,407	-	

Notes:

- B** : Reclassification of realised foreign exchange difference in relation to repayment of bank borrowings from Operating activities to Financing activities.
C : Reclassification of amount from trade and other receivables to restricted deposits for separate disclosure purpose.
D : The difference relates to reclassification between the line items within cash flows used in Operating activities.